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THESIS

ORGANIZATIONAL ANALYSIS OF THE
FLEET AND INDUSTRIAL SUPPLY CENTER, NORFOLK
DETACHMENT PHILADELPHIA

by

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June 2003

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ORGANIZATIONAL ANALYSIS
OF THE FLEET AND INDUSTRIAL SUPPLY CENTER, NORFOLK
DETACHMENT PHILADELPHIA

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ABSTRACT

The purpose of this strategic analysis of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia was to determine strengths and weaknesses in the organization. The objective was to describe the extent of congruence among important variables in the organization's system framework. This document included a detailed description of the FISC Det Philadelphia system. Data were collected through interviews with key personnel and employee surveys. Data were analyzed to determine the congruence of the variables that make up the system (inputs, design factors, and outcomes). Conclusions as to the strengths and weaknesses of the organization were drawn based on the analysis of the variables. Recommendations were made on how to improve the areas identified as weaknesses and capitalize on those that were found to be strengths to revitalize the organization. The thesis also provides an example of how systems thinking can be used to perform a strategic analysis of an organization. Seeing the system as a whole through a comprehensive analysis of the key variables allows us to understand the impact of our changes as they relate to the entire organization.

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I.   INTRODUCTION

A.   PURPOSE

This research is a strategic analysis of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia to determine strengths and weaknesses in the organization. The objective is to describe the extent of congruence among important variables in the organization's system framework. This document includes a detailed description of the FISC Det Philadelphia system. Data were collected through interviews with key personnel and employee surveys. Data were analyzed to determine the congruence of the variables that make up the system (inputs, design factors, and results). Conclusions as to the strengths and weaknesses of the organization are drawn based on the analysis of the variables. The thesis concludes with recommendations on how to improve the areas identified as weaknesses and capitalize on those that are found to be strengths.

B.   BACKGROUND

FISC Norfolk Detachment Philadelphia is one of many organizations facing the possibility of major changes due to the Navy's need to save $10 billion dollars in an initiative that is being called "Transformation" by the Navy Supply Systems Command (NAVSUP). The chain of command will have to make some difficult decisions due to such issues as downsizing of the workforce and realignment of customers. However, before making changes to an organization, prudent managers would be wise to perform a strategic analysis that examines all the key variables that impact the organization's performance. One way to understand the organization is to diagnose it as a system, rather than separate functional components. There may be obvious consequences to the changes that management plans to make, but there are almost certainly hidden impacts on the performance of the organization because cause and effect are not necessarily close together in time and space. As Peter Senge states in The Fifth Discipline, "Systems

thinking is a conceptual framework…to make the full patterns clearer to help us see how to change them effectively." [Ref. 13 p. 7]

The Organizational Systems Framework Model (Roberts, 2000) provides the theoretical foundation for diagnosing, intervening, and improving organizational performance. In order to analyze the organization it is important to understand this model. The framework is divided into three parts: inputs, design factors, and results.

1.   Inputs:

Inputs are the external influences, or given factors, that form the base that the organization is built upon, including how leaders set direction. They include the following:

- Environmental factors that impact the organization, such as political, economic, and technological issues.
- Strategic Plan
- Chosen Key Factors of Success (for example, customer satisfaction)

2.   Design Factors:

Design factors refer to system throughput variables, often referred to as structure or architecture. Design factors include:

- Main tasks performed
- Structure of the organization, e.g., decision-making structure
- People who make up the organization, e.g., numbers, types, knowledge, skills, ability
- Processes to accomplish the tasks, e.g., human resource management, reward system
- Technology used to accomplish the tasks

3.   Results:

Results are multidimensional including culture as an emergent variable, outputs (goods and services), and outcomes (consequences of output). Results are achieved

based on the interrelationship and congruence or fit of the inputs and design variables, along with the influence of the underlying culture of the organization. The hypothesis of systems theory is straightforward: the extent to which system variables just described fit or are congruent determines organizational performance.

It is the combination of these factors that makes up the Organizational Systems Framework. Since no change occurs in a vacuum, when a change is made to any one of these factors, it effects other variables in the system. The interrelationship of cause and effect can be assessed and better understood by considering how interventions will ripple through the system. For example, a direction or strategy (input) that does not fit with external environmental realities, or a direction that does not fit with the design of the organization can eventually produce a culture that does not perform well.

The Organizational Systems Framework model (See Figure 1) is used herein to perform a strategic analysis of FISC Det Philadelphia. First, all the important variables in the areas of input, design details, and results will be described to provide an overview of the FISC Det Philadelphia organization. The details in this description will primarily be gathered through surveys of employees and personnel interviews. Next, the variables will be analyzed as to how well they appear to fit in support of each other. Where there are incongruencies, there may be weaknesses that provide opportunities for improvement. Where the variables appear congruent are apparent strengths that can be identified and further developed for competitive advantage.

This thesis provides conclusions and recommendations to assist organizational leaders and managers to improve the performance of FISC Det Philadelphia. Recommendations are offered on ways to improve identified weaknesses and protect noted strengths, while minimizing unintended negative consequences. "Restructuring involves a renewed emphasis on things an organization does well, combined with tactics to revitalize the organization and strengthen its position." [Ref. 4 p. 8]

C. RESEARCH QUESTIONS

1. Primary Research Question: How can FISC Det Philadelphia be described and analyzed such that all important factors and possible interventions are considered as they relate to overall organizational performance?

2. Subsidiary Questions:

   a. What is the current system framework at FISC Norfolk Det Philadelphia?

      i. What are the relevant inputs?

         1. …political, economic and technological environment within which the system is operating?

         2. …system direction/mission?

         3. …Key Success Factors?

      ii. What is the design of the FISC system?

         1. What are various tasks?

         2. What are structural dimensions?

         3. What types of people make up the organization?

         4. What are the various processes?

         5. What types of technology are being used to perform the tasks?

      iii. How can the culture be described?

      iv. What are additional results?

         1. What are the outputs of the organization?

         2. What are the outcomes (consequences of the outputs) for stakeholders?

   b. For analysis purposes, where is there congruence between the variables? Where is there a lack of congruence?

      i. What are possible effects of the external environment, including workforce downsizing, on structural and results factors?

ii. How do various technological changes (Navy-Marine Corps Intranet or NMCI, Paperless Navy, Standard Procurement System or SPS) affect taskings, processes, people, and results?

iii. What are apparent discontinuities in the terms of organizational design?

1. Does the structure support tasks, processes, and communication?

2. Do processes support people, specifically the Human Resources issues of recruitment, training, rewards, and retention?

iv. How do the strengths and weaknesses identified affect the culture? How does the culture affect performance (success factors)?

v. Which performance indicators are measured and why?

1. What are key success factors?

c. What are the strengths and weaknesses of the current system framework?

d. What changes can be made to improve the fit of the variables in the system framework?

D. SCOPE OF THE THESIS

The scope of this thesis will include: (1) a description of FISC Norfolk Detachment Philadelphia's current system framework, and (2) an analysis to determine the fit of the variables in support of the organization's desired results. Conclusions will be drawn as to the organization's strengths and weaknesses based on this analysis. The thesis concludes with recommendations on what can be done to improve detected weaknesses, while maintaining strengths.

E. METHODOLOGY

The methodology used in this thesis consisted of the following steps:

1.   A literature review was conducted for supporting material concerning overall organizational performance.

2.   FISC Det Philadelphia was described using an organizational systems framework (Senge, 1990; Roberts, 2000).

3.   Interviews were conducted with six personnel at FISC Det Philadelphia to gather data on relevant input, design, and result variables in the system framework.

4.   A researcher-developed survey was administered to 75 employees to provide relevant design and culture variables.

5.   Congruence, or lack thereof, was analyzed among important variables.

6.   Conclusions were drawn from analysis of apparent fit among variables, and recommendations made to assist leaders and managers in possible interventions.

F.   ORGANIZATION OF THE STUDY

Chapter I provides an introduction to the strategic analysis of the FISC Det Philadelphia organization using the organizational systems framework.

Chapter II describes the FISC Det Philadelphia organization. This detailed background of the organization uses the organizational systems framework as an outline to describe important organizational variables. The variables include inputs, such as the external environment, the strategic plan, and key success factors; design factors, such as tasks, structure, people, processes, and technology; and results, such as the culture, outputs and outcomes of the system.

Chapter III analyzes the data gathered through the workforce survey and the interviews with both mid-level and top-level managers. It explores the incongruence/ congruence among several design variables in relation to the espoused strategic plan and the results experienced by the organization.

Chapter IV provides conclusions on the fit of important variables and recommendations for improving performance.

G.   BENEFITS OF THE STUDY

The study provides a strategic analysis of the current system framework of FISC Det Philadelphia. The analysis identifies organizational strengths and weaknesses, including recommendation for improvements. The findings provide an example to other activities looking for ways to analyze and improve their own performance.

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II. DESCRIPTION OF FISC DET PHILADELPHIA AS A SYSTEM

A. INTRODUCTION

In order to understand the system that is being analyzed, this chapter provides a detailed description of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia system. Once that system has been defined, the congruence of the variables that make up the system can be better determined. FISC Det Philadelphia is a Naval Supply Systems Command (NAVSUP) field contracting office that operates as one of three primary detachments of FISC Norfolk. It provides a broad range of contracting support for numerous customers, including NAVSUP and other Systems Command activities, as well as Navy and other Department of Defense (DoD) activities. The primary concentration is on complex, high-dollar value service contracts. In Fiscal Year (FY) 2002 the total obligations for FISC Det Philadelphia were approximately $1 billion, the second highest of all the NAVSUP field contracting activities. This chapter provides a background description of the organization using the organizational systems framework (Roberts, 2000) as an outline to identify environmental factors and input, throughput, and results variables. (See Figure 1.)

B. INPUTS/EXTERNAL FACTORS

Outside forces "can have a tremendous impact on an organization and its performance; however, individual commands typically have only a marginal ability to influence these forces." [Ref. 4 p. 20] Even so, successful organizations will continually assess these forces, analyze potential cause and effect interrelationships, and manage the organization to capitalize on the opportunities while minimizing the threats. The external forces that will be discussed herein include (1) the basic operating environment determined by political, economic, and technological forces in our nation; (2) the strategic plan established by NAVSUP; and (3) the key success factors identified by FISC Norfolk headquarters.
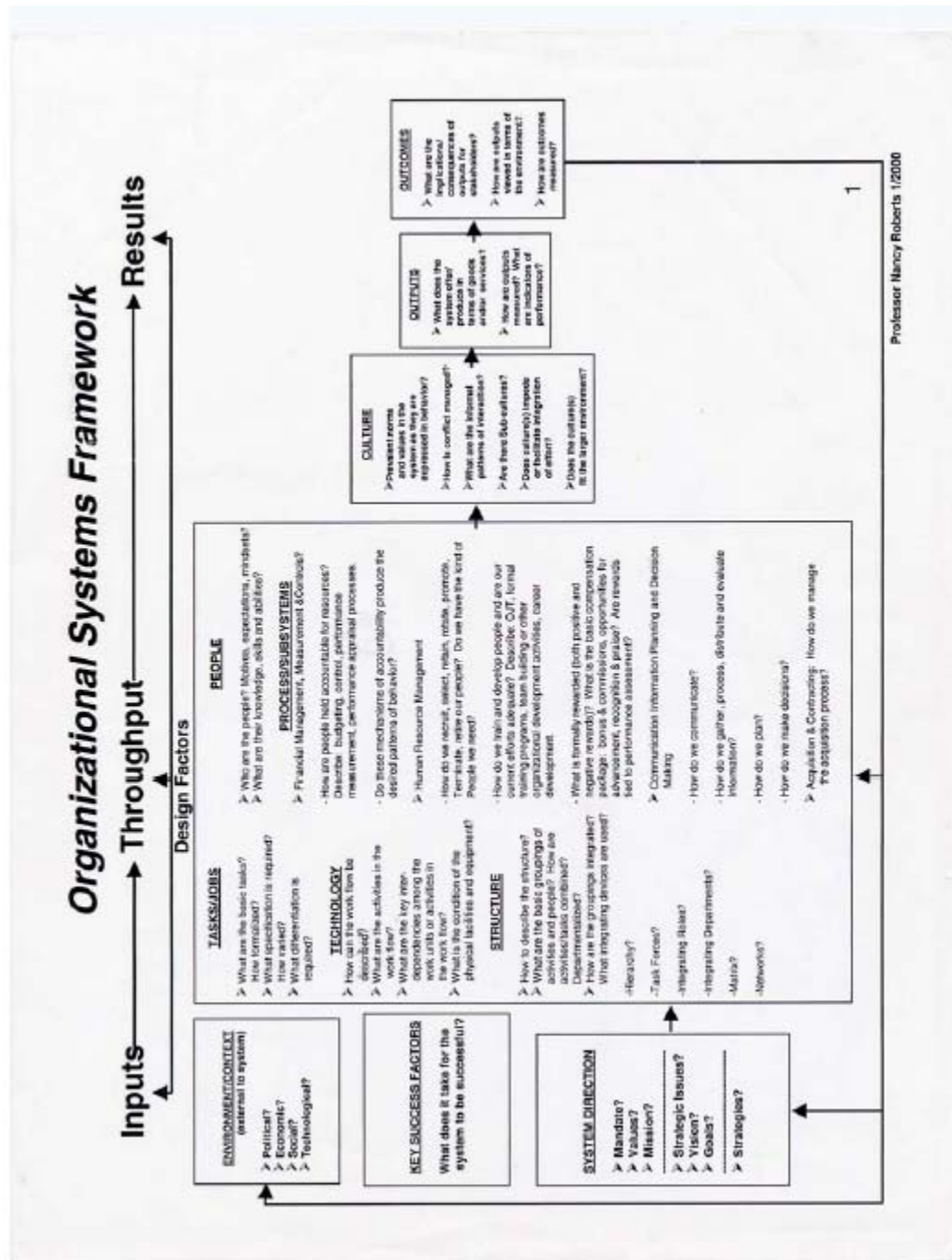
FIGURE 1: ORGANIZATIONAL SYSTEMS FRAMEWORK MODEL

From: Nancy Roberts, 2000

1. External Operating Environment

There are important environmental issues that impact the organization, in the sense of the political, technological, and economic environment. The military has always played a crucial role in the security of our nation, and is now being relied on to expand that role to include a war on terrorism and a host of operations other than war roles and missions. Technologically, the Navy realizes that it must create an atmosphere that is capable of taking advantage of rapidly emerging improvements available commercially in order to harness the power of these state-of-the-art technologies. Economically, the U. S. government has been focusing on reinventing itself over the past decade to streamline operations ad use its limited resources in a more efficient and effective manner.

The Navy plays an integral part in our National defense and must ensure the warfighter is properly supported, supplied, and fortified. A substantial issue that the Navy is facing is the current need to provide for long-term sustainment of the fleet, both ships and aircraft. To modernize the operating force, the Navy has determined that an additional $10 billion per year is required. [Ref. 11 p. 1] Economically, the current budget does not provide sufficient funds for this modernization, therefore the Navy is faced with tough decisions on how to realign the use of limited resources to support long term needs and perform current missions. NAVSUP has identified the overarching initiative in terms of transformation in alignment with the Quadrennial Defense Review (2001). "NAVSUP is looking at ways to better structure and align the organization to most effectively and efficiently accomplish its purpose of delivering combat capability through logistics." [Ref. 11 p. 1] The pending reorganization will affect various elements of NAVSUP as they focus on consolidation, downsizing, and customer realignment to generate necessary savings. They have asked all their individual commands to find ways to streamline operations, introduce efficiencies, and consolidate to generate savings while ensuring that they can still accomplish their mission. In order to realize a portion of the savings, NAVSUP offered a Separation Incentive Pay (SIP)/Voluntary Early Retirement Action (VERA) to reduce the payroll. While numerous employees took advantage of the early retirement opportunity, it was not enough to achieve the reduction goal that NAVSUP had established; therefore they are in the process of a Reduction in Force (RIF) at two of their commands, to include FISC Norfolk. After months of rumor and

speculation, the decision was made to significantly reduce FISC Norfolk's Washington, D.C. detachment with a redistribution of their work to FISC Det Philadelphia. This initiative has had a major impact on the organization being analyzed herein.

Technologically, the Navy realized that it had to streamline its procurement processes to take advantage of the nature of the rapid advancements in technology to achieve state-of-the-art capabilities for its warfighters. By looking to industry for best business practices that could be transferred to Department of Defense procurement, the Navy has used initiatives such as the preferred use of Non-Developmental (Commercial) Items, Outsourcing, and Enterprise Resource Planning (ERP) technology. The use of commercial items allows weapon systems to be fielded much quicker incorporating more advanced technology than they were capable of achieving using the traditional method of development according to specifications developed by the military. The ERP system makes improved knowledge management and decision-making an achievable goal but requires shared applications and systems. Managers can access real-time information that has been standardized so access to and interpretation of information becomes easier and faster. Decisions can be made based on a more complete and accurate assessment of the situation in a timelier manner. [Ref. 9] Another initiative, Navy-Marine Corps Intranet (NMCI), brings everyone in the Navy and Marine Corps into one communication community with compatible connectivity capabilities. [Ref. 10] In addition, the push toward a "paperless" work environment has offices transitioning to the Standard Procurement System (SPS), researching e-Business initiatives, and developing new business processes that minimize or eliminate paperwork. These initiatives continue to play an important role in terms of stimulating reforms and improvements.

2. Strategic Plan

Rear Admiral (RADM) Justin McCarthy put the current strategic plan in place upon his assumption of command in 2001. He made a point to define it in terms of a clear purpose and vision, provided a brief mission statement, listed the important values, and established five specific goals to achieve. He insisted that it be briefed down the chain of command to all employees, had posters and fliers distributed (see Figure 2), and
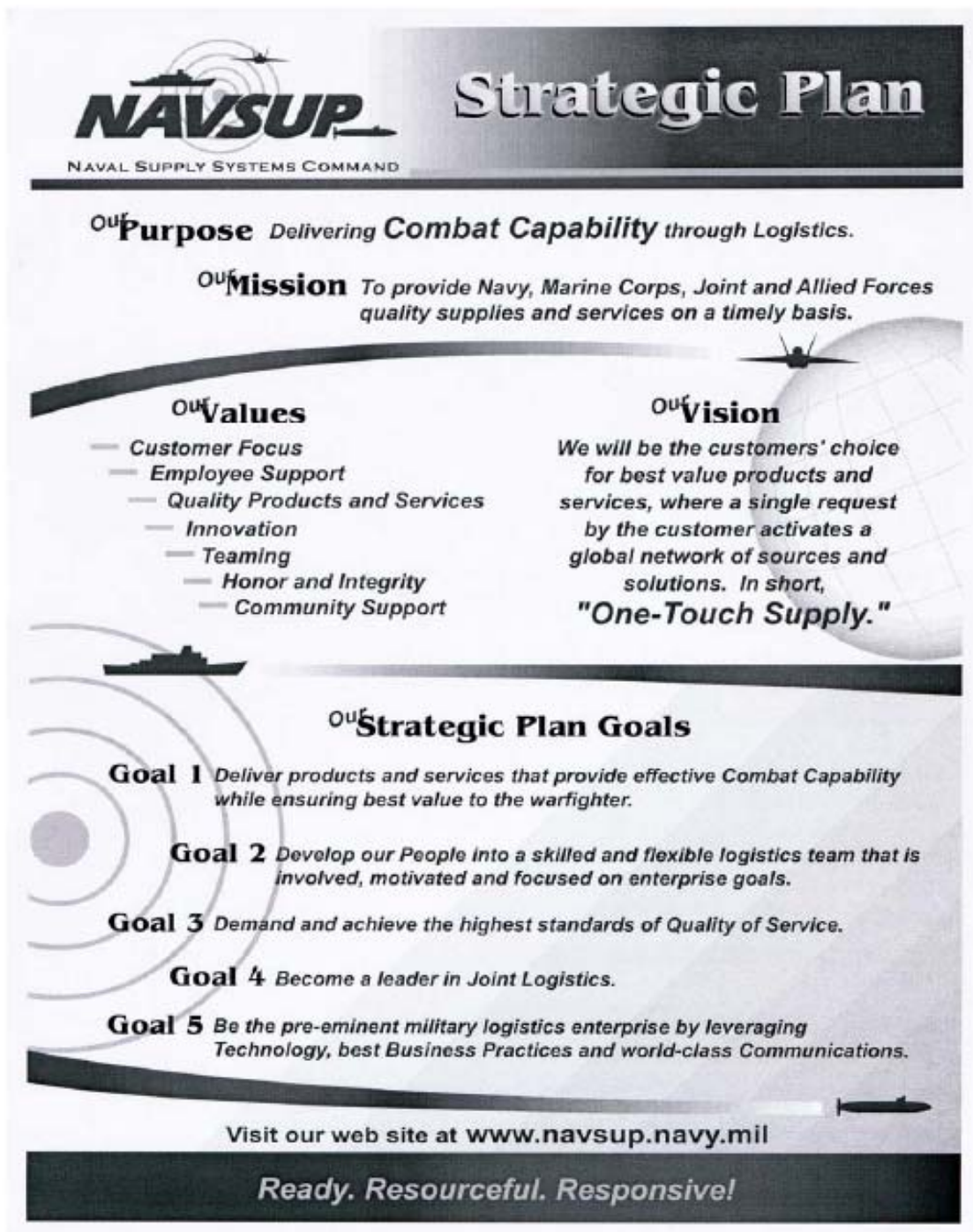
FIGURE 2: NAVSUP STRATEGIC PLAN

From: Ref. 10

made it available on the NAVSUP web site for easy access. [Ref. 10] It provided the leaders of all the NAVSUP units with overarching guidance to help them focus their resources in the areas required to support the NAVSUP Strategic Plan.

The purpose of NAVSUP is defined as "Delivering Combat Capability through Logistics." The vision is to be "the customers' choice for best value products and services where a single request by the customer activates a global network of sources and solutions. In short, One-Touch Supply." The list of values identified includes "customer focus, employee support, quality products and services, innovation, teaming, honor and integrity, and community support". [Ref. 8]

The goals are specific enough to provide focus and broad enough to provide leeway to individual commands to determine how to best accomplish these goals depending on their own resources. The five goals are as follows:

- Goal 1: Deliver products and services that provide effective Combat Capability while ensuring best value to the warfighter.
- Goal 2: Develop our People into a skilled and flexible logistics team that is involved, motivated and focused on enterprise goals.
- Goal 3: Demand and achieve the highest standards of Quality of Service.
- Goal 4: Become a leader in Joint Logistics.
- Goal 5: Be the pre-eminent military logistics enterprise by leveraging technology, best business practices and world-class communications. [Ref. 8]

3.   Key Success Factors

Another contextual element that affects performance is the key success factors, i.e., crucial attributes necessary for success. For FISC Det Philadelphia, its headquarters, FISC Norfolk, has primarily identified these factors. The factors are comprised of "excellence in the acquisition processes, transformation to eBusiness, and development of a professional workforce." [Ref. 1 p. 1] Examples of some of the metrics being used to measure the three factors are as follows:

- Excellence in the Acquisition Processes: Number of Customer's Profiled, Catalogues and Current Indefinite Delivery Type Contracts (IDTCs) on Portal, New IDTCs, and Customer Satisfaction Index
- Transformation to eBusiness: Number of Intranet hits, Customers on Portal, E-transactions index, and Percent of Paperless Review Boards.
- Development of Workforce: Series Standards/Profiles Completed, Percent Individual Development Plans (IDPs) Executed, Training Requirements Resourced, and Training Hours Met.   [Ref. 1 p. 3]

A scorecard approach, with twelve focus areas, is also used to monitor various metrics in terms of achieving FISC's organizational goals. The twelve areas are:

- Customer Relationship Management
- Product Development
- Innovative, Streamlined Acquisition Processes and Tools
- Self Assessment Program Management
- Contract Closeout
- Procurement Management Systems
- Portal Development and Execution
- Market Management
- Navy/Marine Corps Intranet
- Quality of Service
- Metrics Alignment
- Personnel Recruitment, Development and Retention [Ref. 1 p. 1]

This overview of some of the basic inputs influencing FISC Det Philadelphia helps to define the strategic direction of the organization.

C.   DESIGN FACTORS

Now that the strategic direction has been defined, important design variables will be discussed. Design is subdivided into the following elements: tasks, structure, people,

processes, and technology. It is the interrelationship and relative fit of all these elements that shapes a culture which directly relates to organization performance and results.

1.   Tasks

The task element helps define the organization's core competencies, i.e., aspects of its competitive advantage. The FISC Det Philadelphia organization is a field contracting office responsible for providing acquisition support to primarily Navy customers. This acquisition support consists of both simplified acquisition and large purchase for both products and services, however the majority of its procurement task is centered on complex, high dollar-value services. The basic tasks performed to accomplish the mission include interaction with the customer to help with the requirement development phase, preparation and release of the solicitation, proposal evaluation, source selection, award of the contract, post-award administration, and, finally closeout of the contract.

The stakeholders in the success of FISC Det Philadelphia include both internal and external customers. For successful performance of its mission, internally, the employees should be well informed of the requirements defining success, properly trained to be able to attain the standards set, and fairly compensated for their efforts. Externally, the stakeholders are defined as the customers with whom the Detachment interacts with to provide acquisition services. In FY02, there were 166 customers for whom contracts were placed. The top 10 customers, according to dollars obligated, were the following commands:

> U.S. Naval Shipyard Norfolk
> Naval Inventory Control Point
> Naval Supply Systems Command Headquarters
> Naval Air Systems Command (Foreign Military Sales)
> Commander, Pacific Fleet
> Space and Naval Warfare Systems Center
> Naval Facilities and Engineering Command Headquarters
> Joint Warfighting Experimentation Battle Lab

U.S. Joint Forces Command

Naval Education and Training Center [Ref. 14 p 25]

In addition, other stakeholders include the companies who are awarded the contracts and the government agencies with which interaction is required to support the procurement process, such as Defense Contract Management Agency, Defense Contract Audit Agency, the Small Business Administration, and Defense Finance and Accounting Service. Management of the relations with all of these stakeholders impacts the overall performance of the tasks required to successfully accomplish the mission.

2.   Structure

The second design factor is the structure of the organization. At FISC Det Philadelphia, the structure is strongly influenced by the external environment within which it operates – the Navy. It is a functional structure organized around the activities required to produce the desired performance – acquisition support for its customers. This functional structure type is characterized as being centralized and departmentalized by task or function, e.g., contract development, administrative services, legal support, etc. It is considered a basic approach for organizations providing services to stakeholders with fairly predictable needs. Its strengths are internal efficiency, economies of scale and specialization, and the development of functional expertise. [Ref. 4 p. 105] This type of structure is typical of organizations in the Department of Defense.

Specifically, FISC Det Philadelphia is arranged as shown in the organizational chart in Figure 3. There is one Navy Officer who is the Officer in Charge (OIC) of the Detachment. There are no other active duty Navy members in the organization. The OIC's civilian counterpart is called the Technical Director (TD). This position is currently authorized to be filled by a GS-15. The Detachment consists of approximately 115 employees, and is responsible for performing a contracting function, an administration function, a legal support function, and a household goods function. The household goods function is not part of this research, as it has only recently become a responsibility of this office due to a reorganization of base operations duties. It does not interact or impact the core competencies of the contracting mission of the organization.

FIGURE 3: FISC DET PHILADELPHIA ORGANIZATION CHART

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┌─────────────────────┬─────────────────────┐
│  Officer In Charge  │ Technical Director  │
│        O-5          │       GS-15         │
└─────────────────────┴─────────────────────┘
```

Contract Ops Group 1 Leader GS-14	Contract Ops Group 2 Leader GS-14	Contract Ops Group 3 Leader GS-14	QA/Policy Group GS-14
Contract Ops Team 1 Leader GS-13	Contract Ops Team 1 Leader GS-13	Contract Ops Team 1 Leader GS-13	Contracting Support Group GS-12
Contract Ops Team 2 Leader GS-13	Contract Ops Team 2 Leader GS-13	Contract Ops Team 2 Leader GS-13	Office of Counsel GS-15
Contract Ops Team 3 Leader GS-13	Contract Ops Team 3 Leader GS-13	Contract Ops Team 3 Leader GS-13	

a. *Contracting Function*

The contracting function is split into a Quality Assurance(QA)/Policy Group, a Contracts Support Group, and three identical Contracting Operations Groups. The QA/ Policy Group's basic task is to provide technical guidance, establish business processes, and set required performance standards. It consists of a GS-14 Supervisor, who reports directly to the TD, and approximately eight employees ranging from GS-7 through GS-13, who perform the required tasks.

The Contracting Support Group's purpose is to perform tasks which support the contracting operations groups, to include contract closeouts, maintaining the file room, providing distribution support, handling Freedom of Information Act (FOIA) requests, and managing the Small Business Program. It consists of a GS-12 supervisor and approximately five employees, ranging from GS-5 through GS-12, who perform the various tasks providing this support.

The Contracting Operations Group's basic task is to award and administer contracts. Each of the three Contracting Operations Groups is headed by a GS-14 who

reports directly to the TD and is responsible for three identical Contracting Teams. Each of the Teams is headed by a supervisory GS-13 with approximately six contracting specialists and one GS-7 or GS-9 procurement technician making up the team. The team members are primarily GS-12s or interns working up to the journeyman GS-12 level. There is generally one working level GS-13 in each team considered to be the lead negotiator of the team with the additional responsibility for a special acquisition program at FISC Det Philadelphia, in addition to his/her daily tasks. Each team generally provides all of the contracting support for specific customers and/or commodities. For example, one team is responsible for the contracting requirements of the Joint Forces Command (JFCOM) customer, another for the Chief of Naval Operation's (CNO) special project called Task Force Excel, while another team has specialized on the Office of Management and Budget's (OMB) Circular A-76 contracting requirements, helping FISC Det Philadelphia become one of DoD's primary experts on the subject of strategic sourcing.

b.   *Other Functions*

The Administrative Support Services function supports the daily operation of the Detachment, as well as the employees of the detachment. It consists of a GS-13 supervisor reporting directly to the TD and five employees who handle personnel issues and operation tasks, e.g. payroll, health benefits, life insurance, training, hiring, retirement, and budget and financial operations.

The Legal Support function provides legal advice to the contracting groups. It consists of a GS-15 supervisor, four GS-14 lawyers, and two legal administrative employees. The Office of Counsel employees do not report directly to the Detachment's TD, but instead are in the NAVSUP Office of Counsel chain of command. They have an advisory relationship with the TD and the Detachment.

Integration of the teams/groups occurs when there is a need to solve problems, brainstorm issues, or conduct special in-house training. For example, Special Project teams have been set up to help implement the Standard Procurement System, study e-Commerce options, and to work on improvement of the closeout process. Other than this

type of integration, there is very little professional integration between employees on the various teams. Once an employee is assigned to a team, they rarely experience working with anyone other than their immediate team members, team supervisor, and group leader.

While top management keeps track of over-all performance, FISC Det Philadelphia responsibility is generally decentralized to lower levels in the organization so that decisions are made as close to the customer as possible. Middle management is basically empowered to perform their responsibilities as Contracting Officers in the award and administration of contracts within the parameters established by the Federal Acquisition Regulation (FAR).

3.   People

At the heart of the organization are the people. Since the Contracting series (1100s) is a "professional" GS series, the majority of the employees are required to have college degrees with a minimum of 24 hours of business credits. [Ref. 16] The age of the work force ranges from those in their early twenties who are just out of college to those who are in their early sixties and are close to retirement. Of the 15 managers and leaders in the organization who are in supervisory positions, two are in their sixties and have taken the SIP/VERA, two are in their thirties, and the rest are in their late forties or early fifties.

To help determine the motivations, expectations and mindset of the employees of this detachment, a survey of the FISC Det Philadelphia workforce was conducted. The results of the survey are discussed in Chapter III.

Their knowledge, skills, and abilities to perform the tasks required vary according to education, experience, and training. The leader of the detachment has initiated a plan to identify the functional specialties required to accomplish the tasks successfully, the related acquisition skill sets involved, and the desired leadership effectiveness competencies. The leader intends for all employees to be assessed to determine links between their behavior and the competencies required. The results of these ratings will provide information to aid management in determining what training to provide to improve knowledge and skills and where to assign employees to maximize the use of

their abilities. This is just a plan that has not been implemented to date, however they have identified functional specialties, related acquisition skill sets, and leadership effectiveness competencies. The next step that has been identified is to administer the assessment and use the results to improve training and assignments within the detachment.

4. Processes for Efficient Management of Resources

Another major element of the design of the organization is the processes it uses to manage its resources to meet the needs of its stakeholders – both external (customers, contractors) and internal (employees). The resources that are essential to accomplish the organization's mission can be separated into money, time, and people. The methods used for measuring how efficiently the resources are being used, how productive the people are and how effective they are at accomplishing their mission of customer support are key to the success of the organization.

a. *Management of the Money Resource*

The budget is divided, basically, into labor and non-labor dollars. The labor dollars, which make up the large majority of the expenses, cover wages and benefits for all the employees. The non-labor portion can be divided into operations, training, and travel expenses. The operations expenses consist of the utilities, building, postage, and supplies. The money in the training budget supplements training that is provided by Director, Acquisition Career Management (DACM) monies for both acquisition and non-acquisition courses. The budgeted travel funds are also supplemented by funding from some of the customers who are willing to pay for the travel get the support they desire. [Ref. 7]

FISC Det Philadelphia provides FISC Norfolk headquarters (HQ) with historical data, as well as factoring in projected changes, to help establish a budget for future years. The labor portion of the budget is controlled by HQ since it is fairly fixed, with most changes coming as a result of actions taken up the chain of command, such as Transformation, Reduction in Force (RIF), and Separation Incentive Payment (SIP)/ Voluntary Early Retirement Action (VERA). Turnover rates, which are historically very

low at FISC Det Philadelphia, are factored into the budget formulation process to account for the employees who retire or resign. [Ref. 7]

The non-labor portion of the budget has quasi-fixed and variable elements to it. The element that tends to be fixed, at least in the short term, is the operational cost element. The utilities, rent, and supplies are necessary costs that do not vary greatly. While the Detachment has implemented initiatives to cut these costs, they are fairly insignificant cost savings when looking at the big picture. Examples of initiatives include: the introduction of paperless processes to cut postage expenses; encouragement of the use of the Defense Systems Network (DSN) phone system to avoid long distance charges; and decisions made by NAVSUP to close several buildings and consolidate Base Operations tasks assigned to FISC Det Philadelphia to cut overall building and utility expenses.

The major variable elements in the budget are the training, travel, and award funds. The training budget primarily covers funding for on-site acquisition training, courses for non-acquisition personnel, and graduate level course reimbursement. There are other methods of receiving training that do not require the use of budgeted funds, for example: Director, Acquisition Career Management (DACM) funded Defense Acquisition Workforce Improvement Act (DAWIA) courses that employees require for certification, on-line web based courses, in-house training, or intern training. The travel budget covers customer-support trips and travel for training and seminars, as projected by using historical data and anticipation of future needs. The awards money is given by FISC Norfolk HQ to be used as deemed appropriate by top management. The Director of Administrative Support Services always asks for more money in training and travel throughout the year and FISC Norfolk HQ can usually find a way, with justification, to switch money around and come up with some additional funds, but rarely does the detachment get the full amount requested. [Ref. 7]

b. Management of the Time Resource

The average acceptable time to accomplish the required tasks varies according to the dollar value and competition involved with the procurement. While the averages are used as the published standard, the true requirement is to satisfy the

customer by fulfilling their needs in the time frame they require, which is often quicker than the stated standard. The successfully performed task is the one that gets the product/service that the customer needs for the best value in the time required. This is a very fluid measurement, truly dependent on marshaling the resources needed to do the job in the time required to meet the customer's needs.

c. *Management of the Human Resource*

The human resource (HR) factor in this organization is the single most valuable and expensive resource to manage. This resource is managed through processes the organization has established for staffing, retention, and training of its employees. The turnover rate is higher than normal in Fiscal Year (FY) 2003, projected to be about ten percent, due to the SIP/VERA offering and possibly the insecurity created by transformation efforts, however it is traditionally low (about four percent) compared to other detachments within the FISC. The hiring allotments for FY03 were limited to two new interns, both of whom have already been hired. There is currently a hiring freeze in place due to downsizing associated with the transformation initiative so any vacancies that arise from resignations or retirements will be filled by current DoD employees. There are currently (May 2003) no unfilled vacancies. [Ref. 7]

(1) STAFFING. The staffing processes facilitate hiring, promotions, terminations, and retirement. Concerning the hiring process for entry-level positions, interns are recruited through college fairs, journal/newspaper ads, and word of mouth. They must meet specific grade point average (GPA) and educational criteria and be approved by the Navy's Intern Program. Once approved, they go through an interview process structured to identify skills and abilities that are considered desirable in a Contracting Specialist. If it is determined that they meet the needs of the office, they are extended an offer of employment. It is a three-year intern program beginning as a GS-7 and graduating as a GS-12. Historically, the intern has always been offered a position at the FISC Det Philadelphia upon graduation. The current transformation initiative makes it uncertain as to whether the office will have a vacant position to offer to the current interns upon their graduation. According to the survey which is discussed further in

Chapter III, this situation definitely creates negative feelings about job security and has a detrimental affect on the morale of the interns.

Promotions are primarily achieved through a competitive process used to fill vacancies caused by retirement or resignations. The HR regulations are followed to keep the process as unbiased as possible. The openings are advertised, the interested employees submit resumes, the names of the qualified applicants are sent to the manager responsible for interviews, interviews are conducted with a panel of managers, decisions are made, and people are notified and debriefed. Over the past decade there have not been many opportunities for promotions due to the fact that most of the employees have been in the middle of their careers, rather than at the retirement age. In combination with a low retirement rate, the turnover rate has been fairly low, with the majority of resignations coming from employees at the journeyman level which creates no promotion possibilities. In the last five years, however, top management has reclassified several jobs to achieve higher grades and fought to increase the journeyman level so that promotions were achieved across the board for all 1102s from a journeyman GS-11 to GS-12. In addition, with the very recent SIP/VERA offering, there have been several vacancies created that should allow for some upward movement through promotions, to include the GS-15 TD, one of the GS-14 Group Leaders, a supervisory GS-13 Team Leader, and a working level GS-13 negotiator. The organization has a fairly flat structure with three grade levels between journeyman and the top civilian leader.

Terminations are non-existent, primarily due to protection by HR regulations. It appears to be extremely difficult to get rid of a poor worker. Retirements are voluntary within regulations. As mentioned earlier, NAVSUP just completed a SIP/VERA offering to save money by encouraging people close to retirement age to leave. Ten people took advantage of the offer.

(2) RETENTION/INCENTIVE PROGRAM. Incentive Programs reportedly impact retention and performance of the organization's employees. The purpose of this type of program is to motivate employees to perform in ways that help the organization achieve its objectives, as well as to reward valued employees in an attempt to acknowledge their achievements and retain them. The key to establishing a successful

Incentive Program is to determine what motivates the employees, tie that to the behaviors/actions that impact the objectives/goals, and then measure the success.

At FISC Det Philadelphia, both monetary and non-monetary awards make up the reward program. Monetary awards are given to recognize outstanding performance, usually as Special Act Awards or On-The-Spot Awards. Supervisors submit award nominations up the chain of command when they see performance they want to recognize. The OIC or TD will either approve or reject the nominations. Award amounts are generally between $100 and $750 with the most common amount being $300. [Ref. 7] There are no defined standards for these awards. They are solely dependent on the individual supervisor's standards, initiative, and efforts to recognize their employees; therefore there are many inconsistencies in how this award money is distributed. Additionally, about five years ago, FISC Norfolk HQ established a practice of giving all employees an annual "end of year" award which is about $250 each, everyone receiving the same amount. This took the place of rewards that used to be given for high performance appraisals. There is no association between the amount, or even the receipt, of this award and the employee's performance. It is no longer an incentive since it has come to be considered an entitlement by the employees.

Non-monetary rewards usually take the form of Time-Off Awards, Letters of Appreciation, or plaques recognizing special performance or length of service. The Time-Off Awards are usually received after a supervisor submits a recommendation to recognize performance in lieu of or in conjunction with monetary awards. The Letters of Appreciation or plaques are generally bestowed by customers for recognition of exemplary support provided on specific tasks.

The awards mentioned above are given to recognize specific tasks as they occur, therefore they are fairly random. The Special Act and On-The-Spot awards are not announced, but instead are quietly given to the awardee who often finds out about it only when the money shows up on the Leave and Earning Statement (LES). Supervisors who nominate awardees are not informed of the decision made by upper management on whether or not the nomination was approved and often do not know until the awardee approaches them to ask about the increased amount in their paycheck. Management made a conscious decision not to publicize these awards because they were

concerned about creating dissention between the employees who were being rewarded and those who were not, as well as between the supervisors giving the rewards and the employees who do not receive the rewards. [Ref. 7]

The FISC Det Philadelphia also has regular awards given quarterly to Employee of the Quarter, Supervisor of the Quarter, and Work Team of the Quarter. Top management allows anyone to make suggestions for these awards, however it is generally the first line supervisors who submit nominations for these awards. These awards are a combination of the monetary and non-monetary types mentioned above: they provide recognition, an eight-hour Time-Off award, and carry a monetary value of $250 (or $50 each in a group award). These awards are announced and distributed at an All Hands meeting, along with Length of Service pins, and Letters of Recognition sent to employees of the Detachment by customers who wish to recognize the support given to them by the specific employee.

There are no standards set for employees to strive toward to earn awards/rewards. They are solely dependent on a supervisors desire to recognize their employee. Because of the structure of the Award Program, there is little to no incentive to improve performance. Awards are bestowed somewhat randomly, not having been tied to specific tasks or performance standards.

(3) TRAINING. Though the DAWIA requirements promote hiring people with the appropriate skills needed to do the contracting specialist job, FISC Det Philadelphia is in the process of identifying more specific skill sets that are required for the new business atmosphere brought on by the acquisition reforms of the early 1990s.

Just because a person has a college degree with a certain amount of business courses and a high GPA does not necessarily mean they have all the skills required to do the job. This is where the training and development program becomes important. Training for interns is provided through DAWIA classes and paid for through Intern funding. All other employees have achieved DAWIA Level II or higher. The Navy has a target requirement of 80 hours of training for each employee every two years. FISC Norfolk has each employee complete an Individual Development Plan (IDP) on a

yearly basis identifying what their short and long-term goals are and what courses they are interested in taking to help them achieve those goals. One of the Group Leaders helps prioritize the requested training and schedule the classes that she feels would be beneficial for the majority of the workforce. Due to funding limitations, the list often turns into a wish list that never comes true. More often, the training that fills the 80-hour requirement is met through in-house training. Topics have been assigned to most of the employees and 1-hour training sessions are conducted twice a week to help fulfill the requirement. Appendix A shows the list of training topics for FY 2003.

Beyond that, informal on-the-job training occurs constantly as employees are assigned jobs that require different approaches than those they have experience with. The negotiators help each other, according to the surveys, with the overriding attitude of the majority of negotiators being characterized as helpful, sharing, and supportive toward their fellow co-worker. Top management also encourages them to attend various job-related events, such as Clearance Review Boards, reverse auctions, oral presentations, pre-solicitation conferences, to allow them to observe and learn.

d.   *Measurement of Performance*

Even though there is not much variance in the budget from year to year, there is still the question of how efficiently the resources are being used, how productive the people are and how effective they are at accomplishing their mission of customer support. The major metrics used to categorize a contracting organization's success in the past have often been the amount of obligations and the number of contractual actions it processes in a year. In addition to measuring that information, NAVSUP and FISC Norfolk headquarters require the detachment to report various metrics up the chain.

In trying to determine exactly what those metrics were, the researcher found it difficult to identify the specific metrics required. Different managers were questioned and their answers varied. There was found to be a common identification of the three key success factors: excellence in the acquisition processes, transformation to eBusiness, and development of a professional workforce. There was also a common identification of a method in which a scorecard is used to measure the performance of the

detachment in regards to whether or not success is being achieved. The elements used on the scorecard to track performance appeared to change depending on who was asked and what document was being referenced. Some of the sources focused on "the three factors" and discussed metrics associated with those, while others focused on "five goals", with still others concentrating on "12 focus areas", each tracking some of the same basic metrics but all with additional metrics not covered by the others.

The majority of these metrics were collected for the benefit of either FISC Norfolk or NAVSUP, with only one specifically required by the managers at FISC Det Philadelphia for their own purposes. The only metrics information found to be used specifically by the management at FISC Det Philadelphia to evaluate their own performance was the self-assessment program. This program involves a quality assurance review of their own files on a quarterly basis to determine whether or not the employees are following the required policies and procedures. They review a variety of files to ensure that the various types of procurements are assessed, i.e. simplified acquisitions, large purchase contracts, sole source, competitive, delivery orders, and a variety of modification types. There was no location that the researcher could find that contained a definitive list of metrics used in this organization. An interview with the QAPM at the Detachment revealed that management is in the process of paring down the list of metrics since management feels the current list is administratively burdensome with some of the metrics lacking focus or relevance.

Management gathers data for its metrics through the use of electronic tools with objective measurements, as well as surveys and face-to-face interaction which may yield more subjective results. The tools used to gather information electronically include computer applications such as SPS, Oracle Command Information Management System (ORACIMS), and the Federal Procurement Data System (FPDS/DD350s). ORACIMS requires input from individual negotiators on the work they are doing. It tracks the age of a specific procurement, the customer, the type of buy, the dollar value, the specific purchase request number, the status, the milestones along the way, and the award information. The command is currently working on a relevant way to use this tool to also capture the administrative work that is currently not being measured, including closeouts. The DD350 tool is primarily a tool used to collect and report information about the

acquisitions in response to specific data calls received through the chain of command. Its purpose is to gather information so Headquarters and/or Congress can get quick information on various queries to see trends, track compliance, and generally know what is being bought, how much, for and by whom.

Customer surveys are an important data collection tool used to assess performance of the primary goal of the NAVSUP mission, customer satisfaction. According to the FISC Norfolk Procurement Performance Management Assessment Program (PPMAP) instruction, every two weeks the FISC Norfolk headquarters Call Center is supposed to contact customers identified through awards completed in SPS to get their input for the on-line NAVSUP customer satisfaction survey. As customers respond to the survey, the results are supposed to be sent to the appropriate managers who are then supposed to pass the information on to the negotiator involved with the award. If the results are negative, the managers must contact the customer to resolve the situation. An interview with the QAPM at the FISC Det Philadelphia revealed discrepancies with the implementation of the instruction. His understanding of how the survey was supposed to be performed was that NAVSUP would contact customers based on information gathered from awards in the DD350 database, and NAVSUP would collect the information. The only time the Detachment gets any input from NAVSUP on the results of the surveys is if the feedback is negative, in which case the customer must be contacted and the problem resolved. Apparently, however, there is little to no feedback that actually gets back to the Contracting Officer or negotiator at the Detachment from these customer surveys, unless the input was negative, even though this metric is a key success factor. [Ref. 6]

The self-assessment process is another way to track performance. On a quarterly basis, the QA Group randomly selects files that fit into different categories that the Detachment wants to track, for example Small Purchase, Large Purchase, Competitive, or Sole Source. These files are reviewed to assess whether or not the correct business processes are being used to meet the set standards. The emphasis is on the quality of the documents. This provides a more in-depth picture of how well the tasks are being performed; however, since it relies on a random sample and is not real time, its effectiveness is dependent on what deficiency trends are identified; the corrective steps

that are implemented as a result; how the identified weaknesses are communicated to the employees; and, finally, how the subsequent corrections are measured.

Finally, the most subjective method of tracking is the face-to-face Clearance Review Board briefing. These briefings are presentations given by negotiators to top management about their individual buys as they reach important milestones in the process. This forum provides top management with a chance to track status of critical procurements as they progress through the phases of the acquisition. It gives them the opportunity to hear the details and the rationale behind decisions being made. It allows for standardization of approach, discussion of differing positions, and quality control of documentation in case of protests.

These measurement tools of what is being done, and how well it is being done, help the organization with its planning and decision making for the future. Through the use of the combination of feedback mechanisms at its disposal, top management can capitalize on the strengths of the various types of feedback while minimizing their weaknesses to get the best picture of the true performance of the organization.

5. Technology

By leveraging state-of-the-art technology to achieve better performance, FISC Det Philadelphia can better accomplish their ultimate goal of customer satisfaction. The proper use of technology can improve communications, daily operations, and the planning and control of the organization.

One of the keys to customer satisfaction is effective communication. The employees at FISC Det Philadelphia have a variety of options made available to them so they are able to select whichever form of communication may be appropriate to each situation. The various methods available include fax machines, e-mail, phones with speakers and voice mail, and video teleconference equipment.

In addition to improving communication capability through technology, there are also technologies that enhance daily operations, thereby making the detachment more efficient. The availability of heavy-duty copy machines, computers, and printers all assist the employees in the performance of their daily tasks. These machines have not

been as reliable as they should be, according to responses provided by employees participating in the survey. The employees also mentioned the lack of some machines that they would like access to, such as scanners. Very recently, however, the Detachment transitioned to Navy-Marine Corps Intranet (NMCI), getting new computers and a different help desk arrangement. So far, most of the employees have experienced increased capability, processing speed, and reliability with the new computers.

Further aiding improved performance are knowledge management tools that are meant to create efficiencies during daily operations. The internet is an excellent tool for market research, publicizing requirements, and gathering and distributing all kinds of information to the various stakeholders of the detachment. In addition, FISC Det Philadelphia took the initiative to create an Intranet for FISC Norfolk as a tool used to share knowledge amongst the employees and, more broadly, between the detachments. This tool has been customized to make the job easier for the employees by providing easy access to various types of relevant information. For example, there are boilerplate documents, guides and instructions, access to regulations, training packets, and administrative support information.

The Standard Procurement System (SPS) is another tool that is used at the Detachment. This tool helps standardize the procurement process across all of DoD, provides easy electronic access to contract documents, and allows management to run standard reports gathering information from the same system used to create the documents, thereby saving on duplicate knowledge management systems. While the goals of the SPS application are aimed at efficiencies at the DoD level, according to the employee survey, most of the employees at the Detachment find the system to be administratively burdensome. It is seen as being much less efficient than the Microsoft Word application they were using previously, and as a result, they feel the requirement to use the system makes their daily job more difficult. As they get used to working in the system, there are more positive comments made; however the overall impression from the employees is that this is not an efficient tool.

The planning and control function performed by management is enhanced by the electronic access they have to reports and data that track the work being performed by the detachment. The SPS and the Oracle Contract Information Management System

(ORACIMS) systems provide snapshots of near real time status of procurements. This technology allows management to capture information quickly and fairly accurately, in order to make solid decisions.

Communication, daily operations, and the planning and control of the organization can be enhanced through the proper use of technology. By performing its mission in the most efficient and effective manner possible, the organization increases its chances to satisfy customers in ways that other offices may not be able to achieve. This competitive advantage is one of the primary reasons for an organization to focus on staying on the cutting edge of the latest technologies available.

D.   CULTURE

The employees of FISC Det Philadelphia have a strong sense of the identity of their organization based on constant reinforcement by management of the detachment's consistently outstanding performance. The employees as a whole are told that they are among the most productive, efficient procurement activities, second only to the Naval Inventory Control Point (NAVICP) in total obligations per year for at least the last decade, with only about one fourth the number of employees. They are praised for their professionalism, pride, and customer satisfaction.

In addition to the focus on taking pride in top performance, there is also a focus on taking care of the employees as a whole. It is a family-like atmosphere with all the good and bad that is implied by the characterization. The Technical Director (TD) acts as the father figure in many ways – the employees feel like he protects them, fights for them and is proud of them. At the same time, there is the perception that there are "favorite" children and "unfavored children"; those who are well thought of and get all the good work, and those who feel their efforts are overlooked or who think they are held to a tougher standard. The TD and some of the other older members of top management can be tough taskmasters who expect hard work and dedication from the employees and they let them know when they are disappointed with their attitude/behavior. Sometimes this attitude drives employees to try harder, get in line with the expectations, and do the "right thing" to get their approval. Often, however, the chastisement or micromanagement can

lead to a feeling of resentment because employees can feel as though the criticism is not fair and that they are not being treated like adults.

There are other dynamics within the organization that are typical of families. When employees go through special events in their personal life, good or bad, these events are recognized. Showers are held for weddings and births; wakes are attended on the sad occurrence of a death of a family member of their fellow employees; birthdays are recognized, money is collected for disasters (for example, an employee whose apartment burned down), meals are cooked for families going through tough times. The support is from the heart. Most of the employees have worked at this Detachment for most, if not all, of their careers. Many got the job through family members or friends who work in the Detachment. When there were openings, their family member or friend informed them, they applied, and, if qualified, they were hired. Although from different generations, many are from the same Philadelphia neighborhoods (for example, South Philly or the Northeast), attended the same schools, and have a shared identity/ background that forms a very strong cultural connection that ties them to each other and the area.

The Detachment used to be its own command, Navy Regional Contracting Center (NRCC Philadelphia). Furthermore, it has always had unlimited procurement authority, which means that there has been no limit to the dollar value of the contracts it can award. This has allowed them to be involved with many high-visibility, complex types of procurements, developing a reputation within the NAVSUP community for being a Center of Excellence, especially for service type contracts. There is apparent resentment at being under someone else's command without the power/control their identity demands that they deserve. They have been threatened with being closed many times, through Base Realignment and Closures (BRACs) and, more recently, transformation, but their efficiency, productivity, and expertise appear to have saved them from closure. There is a defensive attitude that, when coupled with pride, may come across as arrogance to a command such as FISC Norfolk. FISC Norfolk has been this detachment's headquarters for approximately eight years. Initially, the headquarters had limited procurement authority of $500,000, but after three years they were given the same unlimited authority that their Detachment had. The majority of the work they do supports

the fleet pier side with small purchase procurements. They are located on a large Navy base in the South with a very large military presence that dominates the culture of the area. FISC Det Philadelphia is located on a small Navy compound in the middle of a neighborhood in the city of Philadelphia with a large civilian presence that is dominated by the culture of the Northern city. The military officers of FISC Norfolk may expect a different kind of behavior than what they experience when they visit their Detachment to the north. The two offices do not appear to understand or appreciate the culture of their counterpart and this leads to tension and mistrust between them that can be counterproductive to accomplishing the mission at times.

Having provided a picture of both positive and negative elements that make up the underlying culture of this detachment, it appears evident that the dominating feature is, ultimately, the pride, professionalism, and dedication to both their customers and their fellow employees.

E.   RESULTS

While the inputs outline the strategic direction, and the design details describe the structure and implementation of strategy, results are a way to evaluate the success of the fit of these variables in regards to achieving the organization's strategic goals. The results can best be characterized by defining the outputs, or measurement of the organization's performance, as well as the outcomes, or consequences, of the congruence of the variables, both intended and unintended.

1.   Outputs

In the research done through interviews and access to Command briefings, slide shows, and policy documents, it was discovered that the outputs are not clearly defined. The NAVSUP metrics briefings contain metrics on nine different categories. (See Table 1 for details.) These categories are evaluated using a red-yellow-green standard with red as bad and green as good. The performance measurements in these categories appear to determine NAVSUP's opinion of the success of the contracting function at each of its major commands, including FISC Norfolk. In the briefing that covered performance for

March 2003, the overage contract closeout metric was the only category rated red for
FISC Norfolk; the reverse auction, cycle time, Self-Assessment, and socioeconomic goals
were the categories rated yellow; and the remaining four metrics were rated green.
NAVSUP did not separate the performance of its commands down to the level of their
detachments, therefore the specific Philadelphia detachment's measurements were not
clear from NAVSUP's metrics.

NAVSUP METRICS CATEGORIES	RATINGS
Reverse Auction	Yellow
% Performance Based Service Contracts	Green
% Competition	Green
Closeout - # Overaged	Red
NMCI – Meeting Contract Obligation Requirement	Green
Customer Satisfaction	Green
Cycle Time	Yellow
SocioEconomic Goals	Yellow
Self-Assessment	Yellow
COMPOSITE	**Yellow**

TABLE 1: NAVSUP Contracting Metrics
From: NAVSUP Slide Show (Ref. 2)

The FISC Norfolk metrics did not reflect the same metrics being used by
NAVSUP. FISC Norfolk HQ sets up their metrics briefing in a different format, adding
some additional categories while at the same time including some of the same metrics.
They set up a scorecard that assesses performance in terms of the three key success
factors and five additional areas that correlate with the five goals of the organization.
(See Table 2.) There are five levels of ratings that assess performance through the use of
colored arrows to indicate the degree and direction that the detachment is heading in
regards to the three success factors and the 14 additional metrics being measured. The
outputs from APR 2003 indicate that two of the metrics were not rated (employee surveys
and customer satisfaction for Philadelphia), three of them indicated performance

improvement increasing within a normal expected range, eight of the metrics indicated that the standard of performance was as expected, and one (NMCI Order Fulfillment Rate) indicated performance was deteriorating below the desired range.
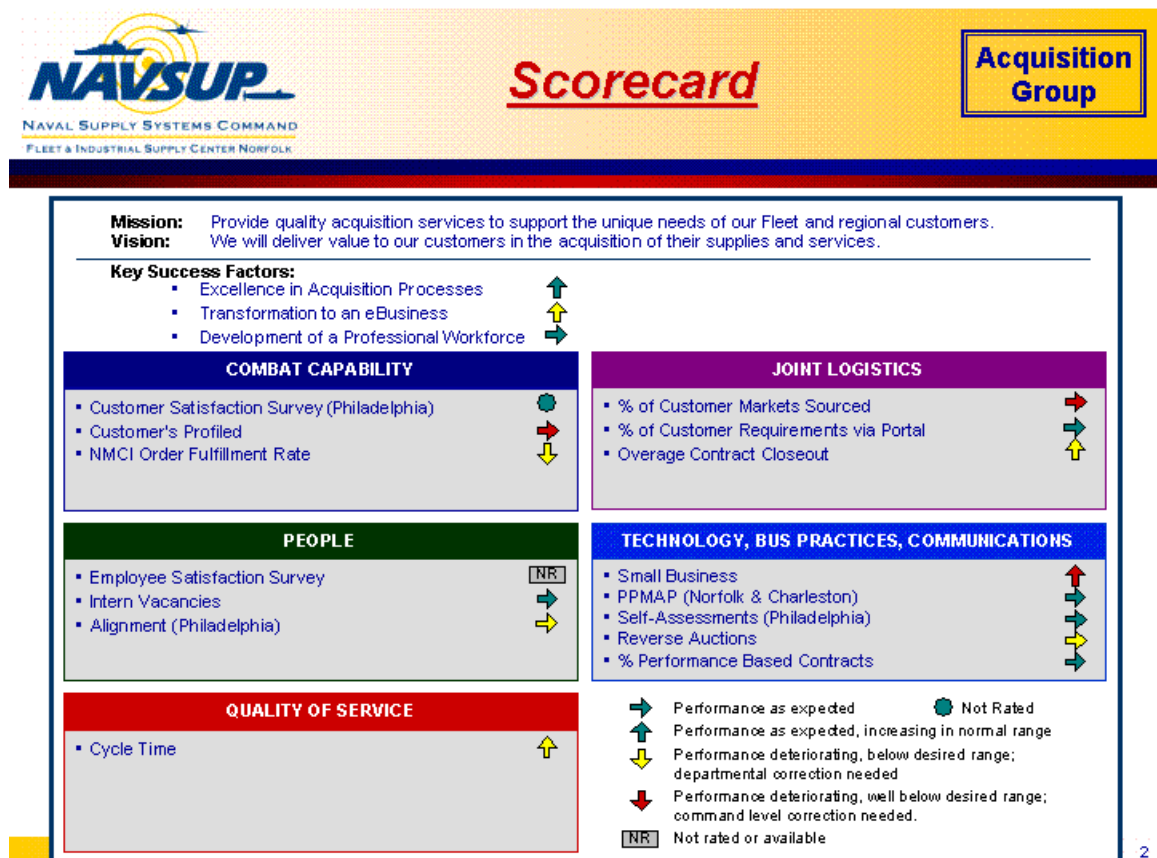
TABLE 2: FISC METRICS
From: FISC Metrics Slide Show (Ref. 2)

The metrics used by FISC Det Philadelphia to evaluate its own success are currently undergoing revision. They consider them to be too numerous so as to be burdensome, while not truly indicative of the performance of the detachment. They continue to report the required metrics to FISC Norfolk, as indicated above. Meanwhile, however, according to the Quality Assurance Program Manager (QAPM), the detachment is in the process of refining specifically their self-assessment and customer satisfaction metrics so that they will be a better tool to indicate true performance. [Ref. 6]

2. Outcomes

What are outcomes of contracts linking buyers and suppliers providing products and services to other organizations, and eventually individual warfighters? What are outcomes of selection and implementation of a "best business practice"? When an array of individual and group stakeholders work through differences towards a common purpose, what is the outcome?

In a broad sense, national defense is a paramount outcome. When U.S. military forces accomplish their objectives through combat arms, one outcome is successful foreign policy. When audits reveal efficient business processes, the outcome is real and perceived stewardship of taxpayer trust and dollars. Granted, some of these outcomes, including readiness, are difficult to measure. Instead, bureaus and agencies often resort to proxy measures, e.g. numbers of contracts awarded, amount of dollars obligated, timeliness, and training achieved. In system terms, throughput and output variables become proxies for measuring outcomes.

Outcomes, both intended and unintended, are consequences of outputs. The outcome of the interrelationship of all the variables for the FISC Det Philadelphia system is an organization that excels in its primary mission of customer satisfaction. The underlying cooperation, education, and experience of its employees coupled with the willingness of its management to embrace and champion both technology and reform initiatives has resulted in the detachment's designation as the Navy's Center of Excellence for service contracting. Their reputation may have been earned by their ability to satisfy their customers on high-visibility, complex service programs, but they also perform the other contracting tasks assigned to them in a manner that allows most, if not all, of their customer's the advantage of "quality acquisition services to support their unique needs." [Ref. 10]

The unintended consequence of the detachment's focus on satisfying the customer seems to be a loss of focus on some of the metrics that their higher headquarters have placed emphasis on: overage contract closeouts, reverse auctions, and cycle time, as defined by the headquarters. This results in metrics that are not indicative of a fully successful organization, as defined by the metrics NAVSUP selected. This detachment continues to use their resources to satisfy their customer apparently at the sake of

achieving the fully successful results as measured by the metrics selected by headquarters.

Furthermore, analysis indicates the transformation initiative has created unrest in the workforce with employees' loss of confidence in their job security at the detachment. There has also been substantial loss of experience and corporate knowledge due to early retirements by mid- and top-level managers/leaders as a direct result of transformation. This situation could result in increased opportunities for other employees moving into those leadership positions. Outcomes are addressed further in the conclusions and recommendations.

F.   SUMMARY OF CHAPTER

This chapter provided a detailed description of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia system using the organizational systems framework as an outline to identify the inputs, design factors, and results variables that make up the organization.

FISC Det Philadelphia, a NAVSUP field contracting office, operates as one of three detachments of FISC Norfolk. Its direction is primarily set by the Strategic Plan established by NAVSUP, along with the key success factors defined by FISC Norfolk. Its mission is to provide the customer's with the best value supplies and services on a timely basis, resulting in the delivery of combat capability through logistics. Other external environmental factors that affect its direction are the political, economic, and technological forces that include budgetary constraints, regulations and policies, the transformation initiative, and new advances in technology.

The design factors that make up the throughputs of the organization included tasks, structure, people, processes, and technology. FISC Det Philadelphia provides a broad range of contracting support for numerous customers, including NAVSUP and other Systems Command activities, as well as Navy and other Department of Defense (DoD) activities. The primary concentration is on complex, high-dollar value service contracts. It is organized in a functional structure, which fits the type of tasks it performs in support of its customers. The functional structure is considered the basic approach for organizations providing services to stakeholders with fairly predictable needs. Its

strengths are internal efficiency, economies of scale and specialization, and the development of functional expertise. [Ref. 4 p. 105] The people are well-qualified and supportive of each other and their customers in the performance of their tasks. The processes in place to support the efficient use of the organization's resources are primarily focused on the human resources factor since the organization has little control over other factors. The staffing, training, and retention/incentive programs are the major programs that impact the performance of the organization. In addition, there are metrics that are used to measure the success of the organization in achieving their goals and objectives. These metrics are not as well defined as the other processes. Finally, by leveraging state-of-the-art technology available to the detachment, they achieve better performance enabling them to accomplish their ultimate goal of customer satisfaction. The proper use of technology improves communications, daily operations, and the planning and control of the organization.

While the inputs outline the strategic direction, and the design details describe the structure and implementation of strategy, results are a way to evaluate the success of the fit of these variables in regards to achieving the organization's strategic goals. The results can best be characterized by defining the outputs, or measurement of the organization's performance, as well as the outcomes, or consequences, of the congruence of the variables, both intended and unintended, taking into consideration the culture that underlies the performance of the organization. In this detachment the outputs are not clearly defined, with somewhat different metrics being collected at the NAVSUP level and the FISC Norfolk level, and the organization's own metrics in the process of being redefined to be more relevant to their performance. Those that were reported indicated that the organization is performing successfully, with possible improvements needed in overage contract closeouts, reverse auctions, cycle time for orders under $25,000, and some of the socioeconomic goals set for small business awards.

The major outcome of the combination of the variables is that this organization excels in its primary mission of customer satisfaction. The dominating feature of the culture is the pride, professionalism, and dedication of the workforce to both their customers and their fellow employees. The attention to the customer's needs appears to direct resources away from some of the areas that are being measured by the metrics so

that there is an unintended consequence of a slightly negative result on some of the performance metrics collected by their headquarters. Additionally, the transformation initiative has created some unrest among the employees due to a number of key people taking early retirements and the erosion of a sense of job security at the detachment.

Now that the system has been defined, the congruence of the variables that make up the system will be analyzed through data collected in a workforce survey and interviews with both mid- and top-level management.

III.   ANALYSIS OF THE DATA COLLECTED

A.   INTRODUCTION

To accomplish the objective of determining the extent of congruence among important variables comprising the FISC Det Philadelphia system, data concerning relevant input, design, and results variables were gathered through an employee survey and interviews conducted with organization managers and leaders. This chapter analyzes the data collected. The assumptions made in administering the employee survey and conducting the interviews were that the perceptions gathered from the respondents may or may not be generalizable to the whole organization. Responses revealed information that was used to determine congruence of the Organizational Systems Framework variables. The weakness of relying on a survey and interviews is that bias can occur on a number of levels, thereby limiting generalizability of findings. For the results to be more representative, a large random sample would be desirable. A purposive sample was used based primarily on limited access to employees and time constraints. Additionally, respondents are in the middle of a substantial transformation initiative that impacts perceptions. There was considerable anxiety noted among many employees, possibly due to an ongoing reorganization and Reduction in Force (RIF) within FISC Norfolk. An analysis of the research gathered through the employee survey and interviews of management follows.

B.   EMPLOYEE SURVEYS

The employee survey found in Appendix B was e-mailed to 62 contracting specialists (1102s), eight procurement technicians (1105s and 1106s), and five administrative support personnel. Twenty-eight surveys were returned, all of which were submitted by the contracting specialists. The survey consisted of 15 questions, some of which had sub-questions. An analysis of the data collected in the survey follows.

Of the 28 survey respondents, 58 percent had attained a bachelor's degree, 21 percent are in the process of working toward a master's degree, and an additional 21

percent had earned masters and/or doctorate degrees. None of the respondents had completed less than a bachelor's degree.

Continuing with a question concerning the employee's level of professional certification, in compliance with the Defense Acquisition Workforce Improvement Act (DAWIA), 75 percent have achieved Level II certification, 18 percent have achieved the highest, Level III certification. Most of the respondents (75 percent) were GS11-12 and 21 percent were GS13 and above.

The respondents averaged 13 years of involvement in government contracting, but included experience levels between one and 30 years. The average number of years as a FISC Det Philadelphia employee was 12, with the responses ranging from one to 30 years. Of the 28 survey respondents, twenty of them (72 percent) had never worked in another contracting office.

The skills mentioned most often by the survey respondents as being the strongest skills for accomplishing their job fit into three major categories: analytical, research, and organizational skills (61 percent); the ability to communicate, both orally and in writing (36 percent); and interpersonal skills, including the ability to satisfy the customer (32 percent). The employees often listed more than one strength, with communication and interpersonal skills being listed together the most often. Other strengths included character traits, such as dedicated, hard-working, persistent, independent, adaptable, and being able to work under stress (25 percent); the ability to leverage the use of information technology (14 percent); and knowledge of the regulations (seven percent).

The skills mentioned as being the weakest for accomplishing their job were more varied. The weakness mentioned most often was the ability to use information technology (13 percent). The following skills were each mentioned by 11 percent of the respondents: communicating clearly (including public speaking); time management or multi-tasking; and business writing. Finally, the following weaknesses were each mentioned seven percent of the time: math skills; interpretation of the Federal Acquisition Regulation (FAR) and its ever-changing regulations; inexperience; assertiveness with customers; file maintenance and administrative skills; analytical skills; and intolerance of bureaucracy.

Sixty-eight percent of the 28 respondents indicated that the training program improved their knowledge/skills last year only somewhat, or not at all. Twenty-five percent indicated moderate improvement in knowledge/skills due to last years training, while seven percent indicated substantial improvement.

Survey question eight asked respondents what expectations they have in three areas: (1) the people you work with and for; (2) the environment (tasks being performed, resources available, structure of organization) you work in; and (3) the future of your career. Concerning the people you work with, 57 percent said cooperation, teamwork, sharing, and a friendly attitude; 36 percent said professionalism, competence, dedication, and strong work ethic; and 25 percent said respect, trust, and fairness.

Concerning the expectations for supervisors: two responses received 21 percent each, with the other responses all receiving seven percent or less for each mention. The two main expectations were that they be respected, trusted and treated fairly and that the supervisor give them guidance, clear communications, and be available when needed. The less mentioned responses included recognition for good work and resources to do the job.

Concerning the environment (tasks being performed, resources available, structure of organization) you work in: 79 percent of the respondents expected to have up-to-date, well-maintained equipment necessary to do the job and training on how to use it. This included computers, software applications, fax machines, copiers, lighting, supplies, etc. Twenty-five percent said they expected a safe, healthy, comfortable environment with moderate controlled temperature. Thirty-six percent spoke of processes in their response, rather than their physical environment. These included flexibility to change, processes that facilitate rather than frustrate, and challenging work.

Concerning the future of their career: 36 percent expressed a lack of trust in job security in this detachment. Some of those mentioned that they expect to have to go to another organization (either government or commercial) before they retire. Most mentioned that they hoped to be able to remain with the organization. Twenty-five percent expect that they will continue doing the same thing they currently do until retirement, and another 25 percent expect to earn a promotion. The remainder expressed

their expectations in terms of personal improvements that they foresee, such as more training, recognition, challenges, and one mentioned receiving a Masters Degree.

Sixty-one percent of the 28 respondents said their overall employment expectations are being met more than half the time or almost always, and 39% said employment expectations are met less than half the time or hardly ever.

Respondents were asked five questions concerning motives: (1) why did you choose to work at FISC Det Philadelphia; (2) what keeps you here; (3) what do you characterize as being positive about the job and FISC work environment; (4) what do you characterize as being negative about the job and FISC work environment; and (5) what motivates you? Thirty-three percent of the respondents initially chose to work at FISC Det Philadelphia because of the promotion potential. Another 33 percent liked the job security and benefits, including the possibility of getting their MBA partially paid for while working as an intern. About 25 percent say they were drawn to FISC Det Philadelphia because the nature of the work was interesting and challenging, there was a sense of pride in supporting the Navy, and/or the desire to be a part of the detachment due to its reputation as a Center of Excellence for service contracting. About 10 percent said that it was the first available job, so they accepted it.

There were two major responses concerning the motivation that keeps employees working at the FISC Det Philadelphia: 68 percent mentioned their co-workers and/or supervisor and another 68 percent mentioned the benefits, such as pay, time-off, flexible work schedules, 40-hour work weeks, and the pension. There were several other responses of 10 percent or less that included the sense of pride in the job, location of the work place, they like what they do, and they are comfortable and happy working at the detachment.

Concerning what they characterize as being positive about the job and FISC work environment: 68 percent mentioned the people whom they work with as being the greatest positive aspect about the job. The next responses, both at 21 percent, were the rewarding, interesting work and the benefits. Fourteen percent cited the pride and patriotism felt in supporting the Navy as being the most positive aspect of the work. One person commented that nothing was positive about working at the detachment.

Concerning what they characterize as being negative about the job and the FISC work environment: 43 percent of the respondents listed environmental concerns, such as climate control in the building, physical appearance of the workspaces, and lack of reliable resources, like printers, copiers, etc., as the greatest negative aspect of working at FISC Det Philadelphia. Twenty-one percent mentioned the bureaucracy and its conflicting goals as being negative aspects of the job. Eighteen percent mentioned the lack of recognition and incentive to perform well as being the greatest negative. Another 18 percent expressed irritation at incapable co-workers who chose not to carry their own weight. Eleven percent mentioned dissatisfaction with the lack of support or respect from management/ supervisors. Other negative comments that received mention by one person each included: mandatory use of the Standard Procurement System (SPS), transformation, mundane tasks, stress, cynicism and negativity, and the difficulty to feel connected with the Navy.

Concerning what motivates them, the employees were given three choices to prioritize; monetary rewards, recognition, and time-off awards. Seventy-one percent designated monetary rewards as their number one choice, 71 percent selected time-off rewards as their second choice, and 68 percent said recognition was their third choice. The respondents were then asked to contribute suggestions for other rewards that could be used at the detachment to motivate better performance, to which the following responses were given: recognition at All Hands meetings by name for work well done, letters of recognition, recognition by peers, greater flexibility with work schedules, temporary promotions, use of Quality Step Increases, time-off to use the fitness center during work hours, special opportunities to travel to visit customers, paid membership into professional organizations (National Contract Management Association, for example), support in achieving Professional Certifications, and knick knacks with Navy logos. In addition to the positive suggestions, there were also several suggestions that focused on the lack of penalty for poor performers. Mention was made of the current Pass/Fail evaluation being totally ineffectual. The suggestion was to tie compensation to performance and reward those who merit the additional money. When asked if last year's reward program motivated their performance, 64 percent said not at all and 29

percent said only somewhat. None selected the "Moderately" response. Seven percent said that it motivated their performance substantially.

In survey question 11, respondents were asked to describe the extent that FISC's strategy (which was defined as the plan of action to achieve the goals) is explicit and understood by the workforce, as well as how it is communicated to that workforce. Forty-six percent of the respondents said that it is communicated in many ways, i.e., through posters, presentations, brochures, and at All Hands meetings. Many of these comments included additional commentary, however, about the lack of clarity in the communications stating that the content was too cumbersome, it was just a metrics maze, or that the communication was ineffective at defining goals. Forty-three percent took the opposite position and simply stated that they did not know there was a strategy. The remaining seven percent felt that there were mixed messages, that it was constantly changing, and that it was poorly communicated.

In response to the question asking about what the key success factors are, 46 percent of the respondents said that the key success factor was customer satisfaction. Thirty-two percent listed objective metrics such as the dollar amount of obligations, number of contract actions, and/or how often they met the established Procurement Average Lead Time (PALT). Twenty-one percent responded by saying that the key success factors are too confusing or that they did not know what they were. One person said that success was measured by whether or not the detachment survives the threat of being closed down.

When asked how their performance is measured to ensure that the key success factors are being met, 43 percent said that they did not know. Eighteen percent said that the measurement was the basic Pass/Fail rating given in the annual employee performance evaluations. Eleven percent thought that PALT and customer feedback determined their performance measurement. The following four answers each received seven percent of the responses: according to how well the tasks assigned were accomplished; by the types of contracts awarded and the complexity of work accomplished; in accordance with reviews of work by the first and second line supervisors; and, finally, by how quickly the work is performed and how well documented the files were.

Fifty-seven percent of respondents said that management at FISC Det Philadelphia effectively communicates important information to employees more than one-half the time or almost always. The remaining 43 percent said that management effectively communicates important information less than half the time or not at all.

When asked what one or two things top management at FISC Det Philadelphia could do to improve the culture and performance of the detachment, the following responses were provided: 18 percent said that top management should provide better recognition for people who do the most work; 18 percent said stop appeasing non-performers; and 18 percent said improve communications by listening to employees input. The rest of the suggestions, each provided by one respondent, are listed below:

- Improve building conditions.
- Improve training program to provide professional certifications.
- Do not always rely on the same people, regardless of outcome, for key decisions.
- Provide better support for tasks that are not negotiator tasks, for example technical evaluations and paper shredding.
- Provide a locally defined, unique vision for this specific detachment, i.e., why we are here, what we do, how we fit into the Navy.
- Distribute work fairly.
- Share learning experiences with each other.
- Cut down on the information overload.
- Make the Individual Development Plans (IDPs) meaningful.
- Stop micro managing.
- Allow telecommuting.
- Get rid of SPS.
- Provide training for management on how to supervise.
- Focus on customer satisfaction.
- Improve efficiency by only holding review boards when requested by the Contracting Officer who needs to seek advice for that particular situation.
- Respect workforce diversity.

- Improve technology support.

- Do away with busy work, like the repetitive training sessions.

C.   MID-LEVEL MANAGEMENT INTERVIEWS

Interviews were requested of five of the nine mid-level managers in the organization. Four of these five managers were available for interviews. The interview consisted of ten questions, a copy of which can be found at Appendix C. An analysis of the results of the interviews is provided below.

In response to the question of how direction (goals, mission, strategy) is set at FISC Det Philadelphia, the three of the mid-level managers interviewed said it is primarily set by higher headquarters and is then passed down to the detachment. They also indicated that each level of command attempts to set a narrower focus but that this often just mirrors the direction received from above. One of the four said that FISC Norfolk headquarters set the direction after receiving input from its detachments. This manager stated that the Technical Director (TD) of the detachment gathered the Group Leaders together and they put together goals and mission, then sent this input to FISC Norfolk for consolidation.

The overriding comment concerning the use of specific, resourced action plans to meet goals and hold individual's accountable for results was that they do no exist at this detachment. The explanation offered was that there do not appear to be long term goals or long range plans that lend themselves to specific action plans. One of the interviewees described the plans as "fluid and flexible to adapt to changing priorities from above". One of the managers stated that the only specific resourced action plan was the disbursement of the award program funds.

The direction that the interviewees see the detachment going in over the next one to three years provided a number of mixed responses by the interviewees. Two of the four managers said that the direction the detachment is going would not be very different from where it stands now. The level and type of work would basically stay the same, although there would be some impact, both on workload and staffing, from the transformation initiative. Their prediction was, while there would be additional customers with the assumption of the FISC Det Washington workload, some of the

current customers would be lost due to the emphasis on retaining only mission funded, or core, workload, thereby maintaining the balance. Two mentioned that there would be a decrease of employees over the next few years due to the instability and flux created by transformation. They expressed concern about the unrest created by transformation, with both of these managers mentioning that it could potentially have a negative impact on the detachment over the next one to three years.

Two of the managers looked at the results of the recent transformation as having a positive effect on the overall future of the detachment. They thought it would give FISC Det Philadelphia more influence in setting goals and defining mission. One stated that the opportunity to "get what we always wanted" and be designated a Center of Excellence for service contracting is something that might be in the near future.

Concerning the extent to which FISC's strategy is explicit and understood by the workforce, every manager interviewed said that the employees know the basic mission: "Delivering combat capability to the warfighter for the best value." They said that communication of the strategy is pervasive with posters, tapes made by commanding officers, All Hands meetings, and handouts being given to all employees. Even so, every manager also said that they thought that the strategy and mission are, for the most part, meaningless to the employees. One of the manager's thought that employees may not pay attention to strategy because it is not tied to incentives that are important to them, such as keeping the detachment from being closed down.

When asked what the key success factors are for FISC Det Philadelphia, all of the managers interviewed listed the same basic factors: customer satisfaction, PALT, dollar value of obligations, and percent of awards made to Small Businesses. Other factors that were mentioned, although not by consensus, included the compliance with regulations, quality of file documentation, number of Performance Based Work Statements, and number of Reverse Auctions. One opined that key success factors are not communicated well to the employees. This manager said that the employees do not see the results or, if they do, do not understand their meaningfulness. The question asked by the manager was, "Why are these specific factors selected as key to the measurement of our performance?"

Each of the interviewees expressed a different method of tracking subordinates' performance, although there was some overlap. One focused on how well the employee met the customer's real needs, as opposed to the published PALT, for each action. This manager also mentioned that the quality of the work, documentation in the file, employee's attitude, cooperation, and independence were important variables. Another discussed the use of the information technology systems (SPS and ORACIMs) to track progress, as well as working one-on-one with the employee on the individual procurements. A third manager said that there was no formalized system used to measure performance. This interviewee primarily tracked performance by checking on the status of work assigned to the employee. The last of the four interviewees said that the published key success factors were meaningless in determining actual performance of the employees. The main factor that was important to this manager was the customer feedback received and the independence of the employee. How the employee handled their work in progress, managing to realistic deadlines, was also an indication of performance to this manager.

Concerning how they use communication to manage their subordinates and meet the goals that they are responsible for, the interviewees all used the same types of communication to manage their subordinates, tailoring it to the needs of the situation, the specific employee, as well as their own strengths. All mentioned the use of e-mail, one-on-one meetings, team meetings, and large group meetings. E-mail was criticized by one as being a problem at times because of the overload of messages received, but acknowledged that it also provided a less time consuming way to communicate. Another mentioned that information provided in meetings always had to be followed up with information in writing because some employees need to see things in writing in order to process the information. The emphasis from all of the interviewees was that it was important to use a combination of the methods available.

The interviewees expressed two opposing positions on the issue the integration of groups within the organization. One view maintained that there were no markedly separate groups within the organization, therefore there was no need for any special integration. These managers felt that any integration being done is primarily accomplished through normal activities, to include teaming on special projects and

training efforts. The other side of the issue was that, at times, an "us vs. them" situation does exist on various levels and that a conscious effort to integrate these different factions would be beneficial. The different levels mentioned included top management vs. working level employees, operations vs. support personnel, and large purchase buyers vs. small purchase buyers. In response to the question of how integration has been accomplished in the past, one of the interviewees explained that management integrated the large and small purchase buyers by physically eliminating their small purchase section and incorporating the small purchase buyers into the large purchase sections. This appears to have been successful, in this manager's opinion. The observation made was that the better they know each other, the more understanding there will be between the two groups, and the differences will not be so great.   Taking the integration a step further, another manager mentioned that it may be beneficial to rotate employees into different teams and groups, but acknowledged that many of the employees hate this kind of unrest and turmoil, and supposed that this is the reason that it is done sparingly.

When asked if FISC's current training program is adequate, in regards to their employees and themselves, the basic answer given by all those interviewed was that there was definitely room for improvement. One manager thought that funding constraints prevent this program from being successful. Two of them concentrated on the Intern Program in their responses. They felt that it was a good program but that it could definitely be improved. Both mentioned that the major limitation was the lack of a variety of available work for them to get good solid on-the-job experience.   Another comment by one of the managers was a characterization of the detachment's program as a "one size fits all" type program, which detracts from its usefulness. This manager suggested that there should be more than one program, each focusing on a specific target audience: those with less than 5 years of experience, those with more than five years of experience, team leader/supervisor training, and management training.

Concerning the adequacy of FISC's reward program for both their employees and themselves, the interviewees were split in their answers to this question. Two responded with comments stating that it was basically a good program that could be improved with some minor changes to the process. They criticized the paperwork involved and the current lack of explanation for why the reward was received. The other two managers

thought that it was not adequate, stating that the rewards given do not equate to any incentive to perform better. They stated that the reward amounts were too little to be a meaningful motivation. They also criticized the distribution of the rewards, which, in their opinion, appear to be given out in a manner that will spread the reward budget around equally so that everyone gets a turn, thus watering down any meaning associated with the awards given to deserving employees.

D.   TOP-LEVEL MANAGEMENT INTERVIEWS

Interviews were requested of three of the five top-level managers/leaders in the organization. Two of the three managers made themselves available for the interview. The interview consisted of nine questions, a copy of which can be found at Appendix D. An analysis of the results of the interviews is provided below.

When asked what the purpose of the organization is, both of the top-level managers interviewed said it is to provide best value contracting support to customers in a timely manner. One of them specifically used the term "delivering combat capability through logistics". The other specified the customers as Naval Commands and other nontraditional customers such as the Marine Corps, the Air Force, Joint and Allied Forces.

In identifying the crucial environmental (technological, economic, political) trends likely to impact FISC Det Philadelphia in the next one to three years, one spoke only of the technological trends, while the other touched on all three areas mentioned in the question. The comments made concerning the technological trends mentioned an increase in electronic capabilities that would enable contracting to be done remotely using wireless devices, thereby making it even easier to satisfy the customer's needs in a timely manner. The ease of accessibility to market data was also mentioned as a technological advance that should help the detachment satisfy the customer's requirements even more efficiently and effectively. There were other e-Business initiatives that were cited as examples of how new technology would be further developed and utilized over the next one to three years, to include the DoD e-Mall concept, SPS, and the FISC Norfolk IntrAnet developed at the Philadelphia detachment.

Concerning the economic trends, the interviewee spoke of both the increase in the defense budget due to the war on terrorism and the decrease in funding available for the civilian workforce. He stated that he expected the increase in the overall budget to translate into an increase in the role and responsibilities of FISC Det Philadelphia because of their direct support of Joint Forces Command (JFCOM) and their new designation as the Center of Excellence for Services. At the same time, he discussed the impact of decreased funding for the civilian workforce, saying that it would be important to take full advantage of the technological advances on the horizon to increase productivity in the face of a reduced staff. Politically, this leader said that he expected the war on terrorism to continue no matter which party had the power in Washington, therefore he expected an increased role in contracting for the detachment based on the support role they play in this arena.

In response to a question about how direction (goals, mission, strategy) is set at FISC Det Philadelphia and what direction is it going in over the next one to three years, one of the managers focused on the first part of the question and the other focused on the second part. The first said that NAVSUP establishes the mission and strategic plan goals. The detachment's headquarters, FISC Norfolk, established an Acquisition Executive Board (AEB) that is comprised of executives from each detachment who met to develop a business plan of 12 objectives that align with the NAVSUP Strategic Plan. The interviewee who focused on the direction for the future said that FISC San Diego, which was selected as the Lead Contracting Executive during NAVSUP's transformation initiative, will be responsible for brokering work requirements and workload. He felt that this designation puts FISC San Diego in the position to set direction over the next one to three years.

Concerning the use of specific, resourced action plans to meet goals with timelines and individual's accountable for results, one of the interviewees stated that there are action plans that are strongly linked to the business plan developed by the AEB. Each of the 12 objectives mentioned above have a Plan of Action and Milestones established with a specific lead identified as responsible for each separate objective. The other interviewee continued to focus on the FISC San Diego direction and said that the concept of operations is in the process of being developed.

Concerning the extent to which FISC's strategy is explicit and understood by the workforce, both managers interviewed spoke of how the strategy was communicated to the workforce, without specifically commenting on the extent of understanding by the employees. They said that communication of the strategy was accomplished through videos made by Admiral McCarthy, Commanding Officer of NAVSUP, as well as through internet sites, and briefings given to the entire workforce. In addition, he mentioned that there are monthly status updates provided in follow-up meetings with a question-and-answer session at the end to allow for any questions that the workforce may have.

When asked what the key success factors are for FISC Det Philadelphia, one of the interviewees said that there are three key success factors which were established by the AEB: Customer Support, Transformation to eBusiness, and Development of a Professional Workforce. The other interviewee said there are 12 key success factors that have a scorecard and associated metrics for each of these factors. He did not specify what the factors were.

In interview question seven, when asked what method they use to track the organization's performance to determine whether or not the key success factors are being met, they both mentioned that they use the metrics scorecard. They explained that the scorecard was set up by FISC Norfolk headquarters to measure performance in each of the key success factors. They are required to report the results to FISC Norfolk on a monthly basis. There was no mention by either of these top-level managers of any alternate measurement conducted strictly for their own use to track the organization's performance.

When asked what future results (services FISC provides) that have been identified as crucial to the success of the organization, both mentioned the designation of FISC Det Philadelphia as the Center of Excellence for service contracting with the following programs listed as the crucial services: A-76 Commercial Activities, Homeland Defense, War Games, Sailor Education programs, Task Force Excel, SMART/Enterprise Resource Planning (ERP), Foreign Military Sales, Travel Management, Food Services/Uniform Issue Reengineering, Medical, Navy Motion Pictures, Shipboard Copier Services, Inactive Fleet, and the New England Maintenance Manpower Initiative.

The final question asked of the interviewees concerned the identification of FISC's most influential stakeholders, with stakeholders defined as groups that FISC interacts with, both internal and external…customers, other agencies, groups within our own organization, HQ, etc. Both of the top-level managers interviewed focused on the customers that corresponded with the crucial services mentioned in the previous question. Those listed include: OPNAV N124 responsible for all strategic sourcing in the Navy (A-76); JFCOM which plays a key role in the war on terrorism and was instrumental in conducting the war on Iraq; BUMED; NETC; ASN; CNO; NAVSUP HQ; NTC Great Lakes; and COMNAVRES. Neither of the top-level managers mentioned any other types of stakeholders, just customers.

E.   SUMMARY OF THE CHAPTER

This chapter provided an analysis of the data collected. The analysis focused on determining the extent of congruence among important variables comprising the FISC Det Philadelphia system, through an examination of the data concerning relevant input, design, and results variables that were gathered through an employee survey and interviews conducted with organization managers and leaders. The next chapter discusses the conclusions and recommendations that result from the analysis above.

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IV. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

The purpose of this strategic analysis of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia was to determine strengths and weaknesses in the organization leading towards improved performance. This chapter draws conclusions as to those strengths and weaknesses based on the analysis of the congruence of key variables that characterize FISC Det Philadelphia. Recommendations on how to improve the areas identified as weaknesses are provided after each conclusion.

B. CONCLUSIONS AND RECOMMENDATIONS

After analyzing the data, seven main conclusions are drawn. The seven conclusions, the findings that explain those conclusions, and recommendations developed to improve or strengthen the organization based on the conclusions drawn herein are provided in this section.

1. Although strategy is explicitly written and communicated via videotaped messages, posters, internet sites, and briefings, employees may not understand its meaning or how to translate it into action.

FINDING: The primary direction, strategy, vision, or mission have been communicated to the entire workforce, including the various managers and their subordinates; *however there are weaknesses in terms of implementation and meaningfulness to employees.* Employees easily recall the saying "Ready, Resourceful, Responsive," and "Delivering Combat Capability Through Logistics," but there is an apparent disconnect when it comes to translating platitudes into actions.

Both top- and mid-level managers were asked questions about how direction is set, the use of action plans, and how explicitly the strategy is understood by the workforce. In the analysis of the information gathered in response to these questions, it

was apparent that the top-level managers had the greatest understanding of the process used to establish the organization's strategy and thought there were specific, resourced action plans in place to accomplish the strategy. Their view of these action plans was from a high command-level, as opposed to specific actions to be taken by their mid-level managers or employees. They also focused on how the strategy was communicated to the workforce, i.e. the method used, such as meetings, video-tapes, and posters, confident that communication equated to understanding.

The top-level managers were not wrong in some respects. The mid-level managers understood the process used to set direction, i.e. direction from NAVSUP passed down through the military chain of command, *however they tended to see the strategy as being too broad with no specific long-term goals or long-range planning that was supported by resourced action plans.* They also commented that they thought their employees knew what the strategy said but did not understand it.

The mid-level managers appeared to have a good feeling for where their employees stand in regards to the questions about how well the strategy was communicated and understood. *Almost half of the employees reported that they knew what it said but that it was too confusing or cumbersome. Additionally, the other half said that they did not know there was a strategy.* This data indicates that there is a gradual deterioration of the message as it gets passed down the line. The implication is that the further down the chain an employee is from those who set the strategy, the less of an operating knowledge that employee has of the strategy. This lack of understanding is possibly created because the employee does not have any reinforcement of what role they play in the achievement of the strategy on a regular basis. On the other hand, top-level management are closely involved in the strategic planning role and most likely have their role reinforced through routine meetings and briefings that focus on the strategy.

RECOMMENDATION: The question that the findings raise is, "How do you make strategy meaningful to the workforce?" One way is to make them a part of it by getting them involved. *Do not rely on NAVSUP or FISC Norfolk to provide this meaning – have top management involve the workforce.* While there are several approaches that

can be taken, this recommendation focuses on following the *strategic issue approach* to decision making (Bryson, 1995).

For example, conduct the strategy session by taking a day away from the office, arranging for an off-site location at a local hotel or conference center. Have all employees report there for the day to "strategize." Use NAVSUP's published strategy as a starting point, then establish a strategic issue agenda by developing a series of questions that identify problems, challenges, and opportunities facing the detachment in relation to achieving NAVSUP's strategy. Top management can help frame the questions to keep the session focused in the direction they see as being important, but they must also keep an open mind about other, real-time issues raised during this process and listen to employees' input.

After the initial identification of issues, prioritize them and limit them according to the resources that are available to the organization. Too many issues will create overload and reduce the impact of how effective the organization's strategy can be. At this point, break the session into groups according to issue, with each group performing an assessment of the alternatives to resolving or addressing their issue. Meet again near the end of the day to present the ideas that have been developed and to get feedback, additions, and deletions on those ideas from the group. Managers charged with implementation can then take the issues with the suggested alternative solutions and develop an action plan for each issue. The action plans should address who is responsible, what they are expected to accomplish, a timeline for their task, what resources they will need, and the metrics that will evaluate success. Feedback should be provided to the larger group so there continues to be an understanding of the progress being reached on issue identification and resolution. The use of this type of approach allows the workforce to contribute to strategy development and implementation.

2. Although key success factors are set forth in three broad categories, evaluation metrics are difficult to identify and are not defined in a manner useful to determining valid achievement of desired results.

FINDING: Analysis of the data indicated that there was general agreement at all levels within the organization that customer satisfaction was, perhaps, the major key element to this organization's success. Even if one determines that the key success factor is customer satisfaction by consensus, how is that being measured? *Analysis identifies a lack of clear understanding of the metrics being used to measure success as a possible weakness in the system.* The lack of a meaningful metric to track the performance of the organization in regards to this factor is an indication that there is a breakdown in the feedback system.

The crucial attributes necessary for success of FISC Det Philadelphia have been identified by its headquarters, FISC Norfolk, as: excellence in the acquisition processes, transformation to eBusiness, and development of a professional workforce. Top management was readily able to identify these same three factors, however, when asking the same question of the mid-level managers, the answers indicated some confusion about what "key factors" were as opposed to "metrics". They seemed to identify metrics as key success factors. When asked what the key success factors are for FISC Det Philadelphia, all of the mid-level managers interviewed listed the same basic factors: customer satisfaction, Procurement Administrative Lead Time (PALT), dollar value of obligations, and percent of awards made to Small Businesses, as well as some additional ones that were not consistent to all interviewees.   Furthermore, analysis of the employees' understanding of the key success factors and the associated metrics also yielded obvious confusion. While 46 percent of the respondents said that the key success factor was customer satisfaction, 32 percent listed similar objective metrics to those mentioned by the mid-level managers, such as the dollar amount of obligations, number of contract actions, and/or how often they met the established PALT. *Twenty-one percent of the employee respondents said that the key success factors are too confusing or that they did not know what they were.*

Top management measured the achievement of success using a scorecard approach dictated for use by FISC Norfolk to monitor various metrics in terms of achieving organizational goals. They are required to report the results to the headquarters on a monthly basis. *It is interesting to note that none of the mid-level managers or employees mentioned the scorecard as being the method used to measure achievement of*

the organization's success. In analyzing the data gathered in the employee survey concerning the measurement of performance toward achieving organization goals, there was no consensus as to the metrics being used. When asked how their performance is measured to ensure that the key success factors are being met, 43 percent said that they did not know. This lack of consensus may be explained by the response received from the mid-level managers to the question asked concerning how they track their subordinates' performance to ensure that the organization's goals were being met. Although there was some overlap, each manager expressed a different method.

One of the mid-level managers commented that key success factors are not communicated well to the employees nor do the employees hear of the results, or, if they do, they do not understand their meaning. A key question asked by this manager was, "Why are these specific factors (metrics) selected as key to the measurement of our performance?" *To summarize the analysis of this conclusion, while there may be basic agreement as to the major key success factor of this organization, it is not clear what metrics are being used to measure performance since the metrics are described in numerous ways with no real consensus. In addition, there appears to be a lack of understanding as to how the selected metrics that are mentioned actually measure the stated goals that the detachment is trying to achieve.*

RECOMMENDATION: The identification of customer satisfaction as the consensus key success factor is a healthy focus for the organization. *The recommendation to improve the weakness identified here is that a meaningful metric be established to measure the status of customer satisfaction.* Currently the only customer surveys used to assess the detachment's success in regards to customer satisfaction are those generated by NAVSUP or FISC Norfolk, which gives the detachment no control over the process used, the questions being asked, or the availability of results. *A team should be put together to research organizations that are well known for satisfying their customer's to determine realistic options for measuring performance and better use of existing feedback mechanisms.* The team should be charged with developing a plan that includes deciding who should be surveyed and how often, and determine what questions to ask to best assess satisfaction. The team should also incorporate a feedback

mechanism that quickly gets results back to the employees, as well as the managers. "Grass Roots or bottom-up controls leave as much information as possible as close to customer as possible. For these types of systems to work, feedback from customers must be available to the workforce so that they can make the adjustments that are required for continuous improvement to organization activities." [Ref. 4 p. 121]

Another recommendation concerning improving the metrics in the detachment is to *reduce the number of metrics being used to measure the success of the organization.* If there are too many, the focus will be diffused from what is important to the organization. The metrics selected must be tied to actions performed by employees that influence the outputs of the organization. They need to be measurable and meaningful. The following suggestion is one way to set up a general feedback control system:

1) Identify priority stakeholders – determine how they will be affected by the organization achieving its vision or broad goals that reflect strategic direction.

2) Identify areas of the organization that are key to accomplishing the broad goals set.

3) Establish specific targets and time-frames in each key result area – they should be high enough to be motivating but realistic; measurable with the time frame specified; they must be understood by all and the results must be communicated to all. It would be helpful if they were developed using a participative process – created by management and employees.

4) Formalize assignment of responsibility adjusting rewards (positive and negative) to fit or incentivize follow-through.

5) Develop Action Plan – steps that must be taken to accomplish the target in time. [Ref. 4 p. 125]

3. The organization acknowledges the importance of leveraging technology to maximize competitive advantage, i.e. various initiatives adopted; however, difficulties in terms of daily implementation of technological advances threatens obtaining desired results.

FINDINGS: While top management at FISC Det Philadelphia seems to have embraced the premise that the use of advancing technology is crucial to its success in the future, there are indications that the employees may not buy into the premise. Management has acknowledged the importance of technology through support or initiation of such programs as NMCI, ERP, Commercial Items procurement, the "paperless" work environment (SPS), e-Business Initiatives (DoD e-Mall), and the FISC Norfolk Intranet developed by the Philadelphia detachment.   Looking to the future, top management spoke favorably of being involved in future technological trends to improve customer service and satisfaction, to include an increase in electronic capabilities to enable remote contracting through use of wireless devices. There is an admitted need to take full advantage of the technological advances on the horizon to increase productivity in the face of a probable reduced staff due to budget cuts. One of top management's key success factors is, in fact, transformation to eBusiness.

The solid support of this forward thinking direction by top management would appear to be a strength in this organization. However, further analysis of other variables in the design of the organization indicates that this top-level support of future technological advancement may not fit with the employees' skill sets or the existing technology at the detachment. Even though, when asked to identify their strongest skill for accomplishing their job, 14 percent of the employees said leveraging the use of information technology, the weakness mentioned most often (13 percent) was, contradictorily, the ability to use information technology.

Concerning what respondents characterized as being negative about the job and the FISC work environment, 43 percent listed environmental concerns, (climate control in the building, physical appearance of the workspaces), *and lack of reliable resources* (printers, copiers), *as the greatest negative aspects of working at FISC Det Philadelphia*. The required use of SPS was mentioned as a negative with getting rid of the Standard Procurement System (SPS) listed as one of the suggestions provided for improving the detachment. Additional suggestions for improvement of the detachment included improvement of the building conditions and better information technology support. The high level of employee dissatisfaction with technological issues, such as condition of the physical environment and equipment, and lack of training in the use of information

technology, *supports a conclusion that the employees may not have confidence that the detachment has a strong commitment to supporting advanced technology.* The point is not necessarily the accuracy of the understanding, rather it is the perceived disconnect.

RECOMMENDATIONS: For top management's focus on the importance of taking advantage of technological advances to be aligned with the workforce's perceptions of the use of technology in the organization, the root cause of the problems with the physical plant and technological equipment and training must be dealt with. Herzberg's (1959) "Two-Factor" theory concerning motivation states that there are motivators and hygiene factors. Failure to satisfy the hygiene factors creates dissatisfaction. [Ref. 5 p. 11] Hygiene factors include working conditions, job security, and company policies. While these factors are not valuable to motivate performance, satisfying them reduces negativity in the work climate, thereby freeing and empowering workers to focus on the positive.

Top management has been trying to resolve the eight-year problem that the organization has had with maintaining the building at a reasonable temperature on a daily basis, however it remains a major concern with employees. *Continued communication on the progress of the climate control effort is imperative so that the workforce understands what is going on behind the scenes*, otherwise they will assume that nothing is being done because the problem still exists. This should be considered a top priority by management and every possible pressure they can apply should be brought to bear on those who are helping them resolve this issue. If they need to go up the chain to get more powerful personnel involved, then that position should be leveraged.

Concerning the difficulties with equipment, the recent switch to the NMCI contractor for new hardware and technological support may resolve the complaints about the computers, printers, and information technology support services. Even so, the *satisfaction should be monitored by a single point of contact in the organization who would consolidate and track any complaints to insure that the organization is receiving the level of support required by the Navy's NMCI contract.* The employees should be informed about the level of support and functionality they should expect, according to the terms and conditions of the contract, so they will know when they are not receiving the

support they are due. Concerning the frustrations with the inoperability of the other office equipment, i.e. copiers and fax machines, there should be a common sense approach implemented for managing malfunctions. The recommendation is to *clearly identify, on an obvious place on the machine, the employee(s) who is/are responsible for the maintenance and upkeep of the machines.* If there are recurring problems that can be resolved by the workforce, i.e. adding paper to the copy machine if it runs out, then the method of resolving those problems should also be clearly posted. If a machine is down, a simple sign letting employees know what is being done to fix the problem should be posted so that they know action is being taken.   If one employee (or a team) is responsible for tracking this equipment, then recurring problems can be better identified and machines that are not meeting the needs of the organization can be replaced or upgraded in a timely manner. Management may not realize the difficulties with the equipment since they are probably not using the copy and fax machines, therefore do not have first hand knowledge of the troubles experienced by the rest of the workforce. This is a simple problem that is creating an inordinate amount of frustration; therefore, the easy solution proposed should reduce the dissatisfaction level without requiring much to implement it. If, on the other hand, the equipment needs to be replaced and the budget does not allow for it, then, again, top management should not mistake the importance of resolving this issue. While this problem may be perceived to be minor, it may impact the organization's ability to be taken seriously in their efforts to advance their use of technology to maximize their competitive advantage.

4. Although the development of the workforce is acknowledged as being an important facet of the organization's success for individual as well as organizational professionalism, the current training program does not fully meet the needs of the workforce.

FINDING: According to analysis of the data gathered, the training program is considered somewhat beneficial to the workforce but there is room for improvement. The detachment is ensuring that the basic DAWIA requirement is being met to train all

employees for their appropriate level of certification according to grade level. Beyond that basic training, however, the mid-level managers interviewed agreed that there was definitely room for improvement. *Sixty-eight percent of the employees surveyed indicated that the training program improved their knowledge/skills last year only somewhat or not at all.*

Formal intern training, i.e. the required DAWIA course load, is scheduled through the Intern Program's headquarters in Mechanicsburg; however, on-the-job training is the detachment's responsibility and the impression is that, although there has been substantial improvement recently, it could be further improved. The interviews with mid-level managers revealed that they supposed a major limitation for valuable intern training was the lack of a variety of available work for them to gain experience to get good solid on-the-job experience.

For the other employees, Independent Development Plans (IDPs) are completed but there is no apparent correlation to what they say and what training is received. One of the managers interviewed characterized the detachment's program as a "one size fits all" type program, which detracts from its usefulness, since all employees do not have the same experience, skills, education or weaknesses.

Although analysis reveals that the training program may need improvement, research indicates that management places importance on the training process. Examples of the emphasis on its importance include: weekly in-house training provided on topics that management selects as being beneficial for its employees; scheduling on-site training with the budgeted training dollars; routinely requesting increases in the budget for additional training; supporting education programs to include the Naval Postgraduate School Masters, other post-graduate programs and continuing education; and the tracking of employees training to ensure that everyone achieves the required 80-hours every two years. The recognition of training as an essential element of success for this organization and the strong support of the training program by its management is an important variable to its success.

RECOMMENDATION: "The organizations that will truly excel in the future will be the organizations that discover how to tap people's commitment and capacity to

learn at all levels in an organization." [Ref. 13 p. 4] Training is one of the lifelines of the organization. It helps to keep people current in the constantly changing environment. While the training program may be constrained by the budget, it can still be meaningful. Get feedback on all training given to keep tabs on how worthwhile it is and determine what works and what does not. Improve the relevance of the IDPs. *Have employees identify where they feel they have weaknesses, get input from their supervisors, then get training that focuses on that.*

One way of highlighting the importance of this issue is for management to introduce and support a new program emphasizing its importance. Since the aggregate impression is that the current training program is sub-optimal even though management has been active in its support, it should present a new face to the workforce. The recommendation is to *detail a GS-13 1102 to be in charge of the training program as a "special assignment" for a year as the training coordinator.* Rotate the position so that each year a different person is designated as the coordinator. It will give that GS-13 a chance to have a new kind of impact on the workplace and provide an opportunity for new ideas to be injected each year. It would be the training coordinator's responsibility to work on making the IDPs meaningful, conduct in-house training, identify topics for training, and ensure that others get experience as trainers too. In addition to using a variety of methods, the coordinator should also structure the program to target a variety of audiences, as suggested by one of the mid-level managers. Managers and supervisors should not be left out of the targeted training requirements. Training must be provided for them, as well, specifically in supervisory techniques and management competencies.

Another initiative recommended is to *establish a learning center in the detachment that provides a comfortable place to study a selection of journals, books, articles, and reports relevant to developing and updating acquisition professionals.* The training coordinator could be responsible for ensuring that a wide variety of material is available, highlighting issues that are particularly relevant to this organization. It could include a computer with internet access to allow employees to take on-line courses away from their desks. Supervisors could encourage employees to take advantage of the learning center, supporting it so that it is accepted as a worthwhile, meaningful activity.

5. The *Incentive Program* is not tied to explicit performance standards, and does not fully influence performance or goal accomplishment.

FINDING: Analysis reveals that there are two major problems with the current incentive program in the detachment: it is not administered efficiently, nor is it effective in motivating employees to achieve the organization's goals. The research indicates no clear link in this organization between employees' behaviors, actions, or achievements and the receipt of rewards. Furthermore, management is constrained by budget limitations and the civil service regulations in what they can do to incentivize their employees and how they process the nominations. They are committed to giving as much money as possible in awards, even requesting additional monies from their headquarters at various times in the year, however the effectiveness of the program with regards to any connection between awards given and the improvement of the performance of employees is questionable.

Analysis of this element of the organization's design revealed a disconnect regarding the perception of the value of the incentive program between the mid-level managers who are primarily responsible for initiating awards, and the employees motivated by the rewards. When the mid-level managers were asked about the adequacy of FISC's reward program for both their employees and themselves, the interviewees were split in their answer to this question. Two responded with comments stating that it was basically a good program that could be improved with some minor changes to the process. The other two managers thought that it was not adequate, stating that the rewards given do not equate to any incentive to perform better. They stated that the reward amounts were too little to be a meaningful motivation. They also criticized the distribution of the rewards, which in their opinion, appear to be given out in a manner that spreads reward budget around equally so that everyone gets a turn, thus watering down any meaning associated with the awards given to deserving employees.

The last two managers' opinions mirrored the response of the large majority of employees. *When asked if last year's reward program motivated their performance, 64 percent said not at all and 29 percent said only somewhat.* None selected the

"Moderately" response. Only seven percent said that it motivated their performance substantially. In addition, the lack of recognition and incentive to perform well was cited as being the greatest negative aspect of working at FISC Det Philadelphia by 18 percent of the respondents. Furthermore, in response to the last question of the survey, better recognition for those who do most of the work was listed by 18 percent of the respondents as a suggestion for improving the workplace.

No one program will motivate all employees under all circumstances. [Ref. 3] Recognizing that each person is different, the analysis of the respondents to this survey, when given the choice of selecting between three types of rewards chose, in this order, monetary rewards, time-off awards, and recognition. Seventy-one percent designated monetary rewards as their number one choice, 71 percent selected time-off rewards as their second choice, and 68 percent said recognition was their third choice. The respondents were then asked to contribute suggestions for other rewards that could be used at the detachment to motivate better performance, to which the following responses were given: recognition at All Hands meetings by name for work well done, letters of recognition, recognition by peers, greater flexibility with work schedules, temporary promotions, use of Quality Step Increases, time-off to use the fitness center during work hours, special opportunities to travel to visit customers, paid membership into professional organizations (National Contract Management Association, for example), support in achieving Professional Certifications, and knick knacks with Navy logos. In addition to the positive suggestions, there were also several suggestions that focused on the lack of penalty for poor performers. Mention was made of the current Pass/Fail evaluation being totally ineffectual. The suggestion was to tie compensation to performance and reward those who merit the additional money.

RECOMMENDATION: Since this incentive program appears to be ineffectual in motivating performance at this detachment, with 93 percent of the respondents to the employee survey saying that it did not motivate them at all or only somewhat, several recommendations are provided to improve the program.

The first recommendation is *that incentives and awards given to employees should be tied to a desired performance or behavior that can be linked to making the*

organization more successful. "What you measure and reward is what you get." [Ref. 5 p. 34] In addition, the standards for achieving the reward must be understood by the employees whose performance and/or behavior management is trying to influence. Finally, it is important to emphasize the rewards should be used to recognize and reward only what management considers to be exceptional performance. If you give rewards to people simply for doing their job in a satisfactory manner, the impact of all rewards given is minimized. There are four steps to establishing this program:

   1) Identify goals that management wants to influence using incentives. Where would incentives improve the performance of the organization?   For example: Set a goal to reduce overage closeouts;

   2) Delineate the metrics that management wants to use to measure achievement of the goals, i.e. number of overage closeouts completed in a quarter;

   3) Communicate the metrics and goals to the employees, i.e. whoever completes the most closeouts of overage contracts in a quarter will receive the reward (whatever it is that management has deemed appropriate), or whoever performs closeout of "*x*" overage contracts receives the reward (again, whatever management has deemed appropriate);

   4) Provide feedback to the workforce you are trying to influence concerning results achieved, the employees who achieved those results, and the reward they received.

  The second recommendation is to improve on the current incentive program through the use of new ideas that take advantage of a multi-faceted approach. *The use of a special project team to study, research, and propose new ideas to management would enable the command to find other ways of incentivizing their employees that mitigate the difficulties created by the budget constraints that are imposed upon them.* The command can implement creative ideas to supplement their current monetary rewards. Examples of some ideas include the following: offer a variety of options as a reward for accomplishing a goal and let the people who achieve that goal choose what they want; or devise a lottery type system and as the employee reaches stages in advancement, i.e. completion of five overage closeouts, they earn a ticket to compete for prizes at the end of the month. "To

inspire people to work in ways that produce the best result, you need to tap into their own personal motivational forces." [Ref. 5 p. 6] One indication that this would be a successful option is that even though the employees listed monetary rewards as being their primary motivator, the majority of the responses to the request for additional reward ideas revolved around recognition. Motivation using money has a short-term effect. [Ref. 5 p. 50]

Mindful of the fact that there are budgetary constraints placed on the detachment regarding their incentive program, another example of how recognition could be used to supplement the current program is proposed as follows. *Continue to provide the quarterly awards that provide money and time-off, but make the reward more meaningful and long lasting by hanging a nice plaque in a prominent location and adding the names of employees who achieve this status to the plaque.* Building on the importance of recognition in motivating employees, make sure that all rewards given are publicized in some manner, including the reason for the receipt of the award. This not only provides recognition to the employee who has received the reward, but it also allows other employees to see what type of behavior or performance is required to get an award, thereby motivating them to work to that same standard. This public acknowledgement of the reward can be done in a variety of ways. For example, announcements at All Hands meetings; through establishment of an employee newsletter which includes this information; through the "Plan of the Week" e-mails sent every Friday; or posted on a bulletin board in the office.

Finally, the last recommendation regarding incentives involves improvement of the process currently being used to nominate and award incentives. It is difficult for the supervisors to get rewards to the employees they feel are deserving of them. The process for submitting the paperwork, and the difficulty in tracking the status of the nomination may make the supervisor feel as though their effort to reward their employee is simply hard work thrown into the abyss of bureaucracy with no hope of knowing its fate. *There should be a standard operating procedure for the handling of rewards with timelines associated with each step and identification of the person responsible for each step in the process.* Their should be e-mail communication from each person in the process to the originator of the nomination so that status is evident. This suggested tracking process

should not add an inordinate amount of effort into the procedure, considering the benefit received. It would allow the supervisor originating the nomination to be on top of the status. If any glitches were identified in the system, they could be resolved quickly so the reward would be received by the deserving employee in a timely manner, thereby increasing the relevance and impact of the reward.

6. Clearly the people in this organization are its strongest asset, therefore it is prudent to support and nurture them to capitalize on this strength and maximize this pillar of the organization's competitive advantage.

FINDING: Analysis of the research found that this organization's greatest strength is probably its workforce. As a whole, they are well educated, loyal to the organization, and professionally qualified to perform the job. Fifty-eight percent of the survey respondents had attained a bachelor's degree, 21 percent are in the process of working toward a master's degree, and an additional 21 percent had earned master's and/or doctorate degrees. None of the respondents had completed less than a bachelor's degree. Concerning the employees' level of professional certification, the analysis reflects that all of the GS-11/12s are Level II certified, as required by DAWIA, and all of the GS-13s have earned the required Level III certification. Seventy-two percent had worked at FISC Det Philadelphia, or its predecessor NRCC Philadelphia, their entire contracting career.

In analyzing the skills that the employees considered to be their strengths, it was noted that their collective strengths are skills that the detachment identified as being necessary for successful performance of the detachment's tasks: analytical, research, and organizational skills (61 percent); the ability to communicate, both orally and in writing (36 percent); and interpersonal skills, including the ability to satisfy the customer (32 percent). The employees often listed more than one strength, with communication and interpersonal skills being listed together the most often.

To further reinforce the findings of the people as the detachment's major strength, the results of the analysis of the questions that asked about people's expectations,

motivations, and positive characterizations about working at FISC Det Philadelphia determined that for the majority of those surveyed (68 percent), their expectations regarding the people they work with included cooperation, teamwork, sharing, and a friendly attitude; 36 percent said professionalism, competence, dedication, and strong work ethic; and 25 percent said respect, trust, and fairness. *When asked their motivation for remaining an employee of FISC Det Philadelphia, 68 percent mentioned their co-workers and/or supervisor.* Adding even more strength to the determination that the people are the organization's major strength, when asked what they characterize as being positive about the job and FISC work environment, *68 percent mentioned the people whom they work with as being the greatest positive aspect about the job.*

Even though analysis determined that FISC Det Philadelphia appears to have a very strong workforce, it is not perfect. Many employees expressed concern about the perceived "slackers." Analysis determined that 18 percent of survey respondents found one of the weakest aspects of working at the detachment to be their irritation at incapable co-workers who chose not to carry their own weight. Furthermore, when asked to suggest improvements for the detachment, 18 percent said that supervisors should stop appeasing non-performers.

Although not a concern mentioned by the majority of respondents, the interaction between employees and management was not found to be perfect either. Although analysis found that this opinion was that of a minority of the respondents, the concern was mentioned in several different questions for the desire for more respect, better communication, and increased openness from management for employees' ideas. Concerning weakest aspects of working at this detachment, 11 percent mentioned dissatisfaction with the lack of support or respect from management/ supervisors. When determining the state of communication at the detachment, 43 percent of the employees responding to the survey said that management effectively communicates important information less than half the time or not at all. *In addition, when asked what one or two things top management at FISC Det Philadelphia could do to improve the culture and performance of the detachment, 18 percent said improve communications by listening to employees input.*

RECOMMENDATION: Minimize the communication concerns to maximize the strength of the people factor in this organization. Nurture this strength through improved training and incentives, as discussed above, to *demonstrate that the employees are important to the organization*. Continue to be aware of keeping employees informed with open lines of communication. Encourage ideas and suggestions from employees through idea boxes or open door policies. For example, an "Idea of the Quarter" can be chosen, with a time-off award or some other incentive attached, to encourage people to submit ideas. Be aware, however, that, if the employees perceive a lack of response, seriousness, or action concerning suggestions or comments made, they will not take the program seriously.

It is much more difficult to provide a recommendation for how to resolve the concern expressed over frustration with employees who are not perceived as doing their fair share of the work due to laziness, poor work ethics, or simply an ineptitude for this type of job. Fairness is important but not always realistic. *In the public bureaucracy that makes up the external environment of FISC Det Philadelphia there are limits to the control that the supervisors have over poor performers.* There are Human Resources regulations that must be followed and the civil service system is not a system that can be circumvented. If management were to come up with a policy of how to handle the non-performers, it would have to be applied equally across the organization to be effective. If one supervisor implements a policy to punish poor performers, it would not be effective if the supervisor in the next section allowed the same behavior to occur. It is doubtful that anything meaningful can be done to combat this problem while being hampered by the current civil service regulations.

The lack of a meaningful annual performance evaluation, with the switch to the Pass/Fail system mandated by higher headquarters, is often cited as a strong disincentive. Essentially, everyone gets rated the same no matter what they did during the year: Pass. If there is no way to get an exception for the use of the Pass/Fail performance evaluations, then *one recommendation that could make the evaluations meaningful would be to supplement them with a system unique to the detachment and possibly attach rewards to them.* These evaluations may not become part of the employee's official record but, if set up correctly, they could provide supervisors with a

tool to incentivize accomplishments tailored to each individual in their section, thereby improving overall performance of the organization. To make this an effective tool, the supervisors would have to take time to set up a "contract" with each individual based on what they need to work on to improve over the next year. Specific incentives could be tied to achieving accomplishments within each individual's performance evaluation, with better "rewards" given to accomplishments that are more valuable to the organization. Acknowledging the distinct possibility that the supervisors do not have the time to develop this type of evaluation with such vague guidance, a team could be set up to research the implementation of this recommendation.

7. The functional structure is well-aligned with its purpose, however modifications, e.g. employee rotations among teams, could help improve the performance of the organization.

FINDINGS: At FISC Det Philadelphia, the structure is strongly influenced by the external environment within which it operates – the Navy. Analysis supports the fit of the functional structure with this organization since that type of structure is considered a basic approach for organizations providing services to stakeholders with fairly predictable needs. Its pertinent strengths are internal efficiency, specialization, and the development of functional expertise. [Ref. 4 p. 105] This structure is typical of organizations in the Department of Defense. Where authority and power are located and how the groups are integrated can vary within the functional structure, helping to form the design and character of the organization.

While top management at FISC Det Philadelphia maintains control of the detachment, tracking its over-all performance and reporting the results up the chain of command, authority is generally decentralized to lower levels in the organization so that decisions are made as close to the customer as possible. The closer the decision maker is to the customer, the more likely it is that the customer will be satisfied in a timely manner. Communication between customer and contracting officer and the processes for resolving any issues between them should be more manageable. Top management is able

to support mid-level management with expertise and power that can be used when necessary, yet they generally do not add layers of unnecessary bureaucracy. There was one remark made in the employee survey that addressed this topic, raising a concern. The employee considered that some of the bureaucratic requirements, such as the numerous required Clearance Review Boards, to be a negative aspect of working at the detachment. The comment was that the Contracting Officer should not be micro-managed through these required briefings. While this was the concern of a minority, it may be worth considering to further take advantage of the strength provided by the structure of the organization.

Within the basic structure of the organization there are different methods of integrating its groups. The process used to conduct this integration can have an impact on the organization's performance. *Analysis found that the main integration of the various contracting operations teams/groups in FISC Det Philadelphia occurs when there is a need to solve problems, brainstorm issues, or conduct special in-house training.* Other than this type of integration, there is very little professional integration between employees on the various teams. Once an employee is assigned to a team, they rarely experience working with anyone other than their immediate team members, team supervisor, and group leader. The interviews with mid-level management found that the integration that has occurred, i.e. the integration of small purchase buyer with large purchase negotiators, has been successful. The observation made was that the better the two groups know each other, the more understanding there will be between them, and the differences will not be so great. This is another area in which analysis indicates that implementation of an integrating device, i.e. a regular employee rotation, may allow the detachment to take advantage of a strength that is currently not being leveraged to its full advantage.

RECOMMENDATIONS: Analysis of some of the variables was conducted to determine whether or not integration of the groups through the practice of rotating the employees within the organization would be congruent with the system. It was found that there are some benefits to the organization's performance that may be gained. The basic tasks being performed in each contracting operations team are the same. The major

differences are the types of supplies or services being procured, the specific customers, and the type of contracts being used to meet the requirements. *If a rotation was instituted it would allow the negotiators to be exposed to a larger variety of contract types, give them new customers to manage, keep things fresh, give them exposure to different styles of management, and help them to integrate even more with their fellow employees.*

As discussed in the previous conclusion, the people are arguably the organization's greatest strength. If people were to be rotated, they would have the opportunity of working with more than just the same eight employees most of their career. These rotations would probably not degrade the cultural strength of the organization since, consistent in the employee's responses to the survey, the cooperation, sharing, team work, and friendliness of co-workers was experienced across the organization, as opposed to being centralized in one team or group.

When discussing integration during the interview, one of the mid-level managers mentioned that it may be beneficial to rotate employees into different teams and groups, but acknowledged that many of the employees hate this kind of unrest and turmoil, supposing that this is the reason that it is done sparingly. It is possible that the employees' dissatisfaction with this practice in the past is a result of the resistance to change that is often found in organizations. If an organization rarely rotates its employees, any changes made between teams may be seen as a final move, or even a punishment, rather than an opportunity to gain experience. Rotations could refresh the employees and prevent them from feeling stale in the job. It could enable more people in the organization to interact with each other thereby leading to increased learning, more sharing of knowledge, and a better cross-trained workforce.

Even though people can be set in their ways, and resistant to change, the strength of the people factor was so pervasive in this organization that increased interactions among them would likely be positive, even if rotated to other sections. Key to the success of this rotation, however is to keep people moving regularly, yet not in a disruptive manner, so employees know they will not be stuck in one section for the rest of their career if they are not happy. This rotation recommendation may trigger unintended consequences, however, so this must be done with a careful sensitivity to how it affects

the culture of the organization and customer satisfaction. Give it time to work, but continue to monitor its effects, with a clear focus on the desired outcomes.

C.   SUMMARY

The purpose of this strategic analysis of the Fleet and Industrial Supply Center (FISC) Norfolk Detachment Philadelphia was to determine strengths and weaknesses in the organization. The objective was to describe the extent of congruence among important variables in the organization's system framework. This document included a detailed description of the FISC Det Philadelphia system. Data were collected through interviews with key personnel and employee surveys. Data were analyzed to determine the congruence of the variables that make up the system (inputs, design factors, and outcomes). Conclusions as to the strengths and weaknesses of the organization were drawn based on the analysis of the variables. Recommendations were made on how to improve the areas identified as weaknesses and capitalize on those that were found to be strengths.

"Organizations eventually feel the need to re-evaluate their strategies and the way they are executing them. Restructuring involves a renewed emphasis on things an organization does well, combined with tactics to revitalize the organization and strengthen its position." [Ref. 4 p. 8] FISC Det Philadelphia is in a unique transition period due to the changes generated by several major Department of Defense initiatives, e.g., transformation, business reforms, and technology. The organization is presented with the opportunities provided by new tasks, new stakeholders, and new leaders. This is the perfect time to re-evaluate strategies and possibly make adjustments to their implementation.

This strategic analysis provides recommendations of ways that FISC Det Philadelphia could improve possible weaknesses and take advantage of its strengths to revitalize the organization. The thesis also provides an example of how systems thinking can be used to perform a strategic analysis of an organization. Seeing the system as a whole through a comprehensive analysis of the key variables allows us to understand the impact of our changes as they relate to the entire organization.

APPENDIX A: LIST OF FY 2003 IN-HOUSE TRAINING TOPICS

(Training to be conducted for all employees for approximately one hour
every Tuesday and Thursday in the Multi-Purpose Room)

Competitive Delivery Orders/Multiple Award Contracts
Administrative Contracting Officer Designations/Responsibilities
Reverse Auction
NECO
Freedom of Information Act (FOIA) Management
Customer Relationship Management (CRM)
Contractor Performance Assessment Reporting System (CPARS)
Standard Procurement System (SPS)
Unauthorized Commitments
Communication with People with Disabilities
Contract Financing and Funding
Establishing Technical Evaluation Factors
Pre/Post Awards Debrief
Small Business Program/JWOD/UNICOR
Internet Do's and Don'ts
Procurement Integrity Awareness
Source Selection Procedures while using Simplified Acquisition Procedures
Best Value Analysis Environment
Incentive contracting
Mentor Protégé Contracting
Navy-Marine Corps Intranet (NMCI) Overview
Organizational Conflict of Interest
GSA Schedules/Blanket Purchase Agreements (BPAs)
Source Selection Plans and Procedures
Closeouts
DD350 Preparations
RCP Preparation/Contents
Randolph Sheppard Act
File Maintenance
Path to defendable Technical Evaluations
Wide Area Work Flow (elect invoicing/payment)
Market Research/Commercial Items
Government Property
SBA-Role at FISC and the Acquisition Process
Subcontracting Plans/Approvals, etc.
Weighted Guidelines/establishing profit/fee
Unpriced Contractual Actions
Justification and Approvals
Early Resolution of Claims
"65 and under" Streamlined A-76 Studies
Terminations
Service Contract Act/Wage Determinations

Commercial Activities (CA) Lessons Dos and Don'ts
FAR 15 Negotiation Exchanges/ Discussions, etc.
Knowledge Management
Uncompensated Overtime-Evaluation
Change Orders
Foreign Military Sales (FMS) Acquisitions
Broad Agency Announcements
Economy Act
E-Commerce from FISC Norfolk Det Wash Perspective

APPENDIX B: EMPLOYEE SURVEY

Your responses to this survey would be helpful to complete my Master's degree thesis requirements analyzing FISC Norfolk Detachment Philadelphia's organizational performance. Please answer every question. I promise complete anonymity – no names will be used in this study, which takes about 15 minutes to complete. Thank you!

1. What is the highest level of education you have attained?
    ___ High School Degree
    ___ College Degree
    ___ Post Graduate Courses
    ___ Masters/Doctorate or Terminal Degree

2. What DAWIA level of certification have you achieved?
    ___ Level I
    ___ Level II
    ___ Level III

3. What is your GS level?
    ___ GS 10 or below
    ___ GS 11 - 12
    ___ GS 13 and above

4. Including this year, how many years have you been involved in Government Contracting?

5. Including this year, how many years have you been at FISC Norfolk Det Philadelphia (including time spent here when it was the Navy Regional Contracting Center)?

6. What skills do you feel are your strongest for accomplishing your job? Weakest?

7. The training program last year improved my knowledge/skills.
    ____ Not at all
    ____ Somewhat
    ____ Moderately
    ____ Substantially

8. Concerning expectations:
    a. What expectations do you have about:
        i. …the people you work with and for?
        ii. …the environment (tasks being performed, resources available, structure of organization) you work in?
        iii. …the future of your career?

    b. My overall employment expectations are being met.
        ____ Hardly ever

    ____ Less than one-half the time
    ____ More than one-half the time
    ____ Almost always

9. Concerning motives:
    a. Why did you choose to work at FISC?
    b. What keeps you here?
    c. What do you characterize as being **positive** about the job? The FISC work environment?
    d. What do you characterize as being **negative** about the job? The FISC work environment?
    e. What motivates you? (Rank the following in order of meaningfulness to you, 1 being the most motivational and 3 being the least.)
        ___ Monetary Rewards
        ___ Recognition
        ___ Time-off Rewards

        Do you have any suggestions for other rewards that could be used at this Detachment to motivate better performance?

10. The reward program last year motivated my performance.
        ____ Not at all
        ____ Somewhat
        ____ Moderately
        ____ Substantially

11. To what extent is FISC's strategy (which I'm defining as the plan of action to achieve the goals) explicit and understood by the workforce? How is it communicated to the workforce?

12. What are the key success factors for FISC Norfolk Det Philly? (What do we measure to determine if our system/organization is successful?)

13. How is your performance measured to ensure that the key success factors are being met?

14. Management (at FISC Norfolk Det Philly) effectively communicates important information to employees.
        ____ Not at all
        ____ Less than one-half the time
        ____ More than one-half the time
        ____ Almost always

15. What one or two things could top management at FISC Norfolk Det Philly do to improve the culture and performance of our Detachment?

APPENDIX C: MID-LEVEL MANAGEMENT INTERVIEW QUESTIONS

1. How is direction (goals, mission, strategies) set at FISC Norfolk Det Philly?

2. Are there specific, resourced (manned and budgeted for) action-plans for meeting the goals with timelines and individuals accountable for results?

3. What direction do you see us going in over the next one to three years? What drives this change?

4. To what extent is FISC's strategy (which I'm defining as the plan of action to achieve the goals) explicit and understood by the workforce? How is it communicated to the workforce?

5. What are the key success factors for FISC Norfolk Det Philly? (What do we measure to determine if our system/organization is successful?)

6. How do you track your subordinates performance to ensure that the key success factors are being met?

7. Concerning communication, how do you gather, process, distribute and evaluate information to manage your subordinates and meet the goals that you are responsbile for? (e-mails, computer applications like WINCIMS, team meetings, one-on-one meetings, etc.) What strengths and weaknesses do you encounter in your communications with both your subordinates and your management?

8. How does FISC integrate various groups within the organization? What has proven to be the most successful method of integration? Why do you think these have been successful? What integration devices have failed? Why?

9. With regard to both your subordinates and yourself, is FISC's current training program adequate? What are its strengths and weaknesses?

10. With regard to both your subordinates and yourself, is FISC's reward program adequate? What are its strengths and weaknesses?

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APPENDIX D: TOP-LEVEL MANAGEMENT INTERVIEW QUESTIONS

1. What is the purpose of FISC Norfolk Det Philly?

2. What are the crucial environmental (technological, economic, political) trends likely to impact FISC in the next one to three years?

3. How is direction (goals, mission, strategies) set at FISC Norfolk Det Philly? What direction do you see us going in over the next one to three years? What drives this change?

4. Are there specific, resourced (manned and budgeted for) action-plans for meeting the goals (see #3) with timelines and individuals accountable for results?

5. To what extent is FISC's strategy (which I'm defining as the plan of action to achieve the goals) explicit and understood by the workforce? How is it communicated to the workforce?

6. What are the key success factors for FISC Norfolk Det Philly? (What do we measure to determine if our system/organization is successful?)

7. How do you track the organization's performance to ensure that the key success factors are being met?

8. What future results (services FISC provides) have been identified as crucial to the success of the organization?

9. Who are FISC's most influential stakeholders? (Stakeholders are defined as groups that FISC interacts with, both internal and external…customers, other agencies, groups within our organization, HQ, etc…)

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